

In the Matter of:)
)
) Volume I
Business Meeting)
)

THURSDAY, AUGUST 9, 2012

10:06 A.M.

California Reporting, LLC
52 Longwood Drive, San Rafael, California 94901 (415) 457-4417

Commissioners Present

Robert B. Weisenmiller, Chair
Carla J. Peterman
Andrew McAllister

Staff Present

Jennifer Jennings
Michael Levy
Rob Oglesby
Harriet Kallemeyn

	Agenda Item
Dale Rundquist	3
Mary Dyas	4
Eric Veerkamp	5
Kevin Bell	6
Amir Ehyai	7 & 8
Kate Zocchetti	9 & 10
Mike Gravely	11
Jacob Orenberg	12
Shahid Chaudhry	13
Andre Freeman	14

Also Present

Interested Parties (*on phone)

	<u>Item #</u>
Christopher Ellison, Ellison, Schneider & Harris	3
*Brendan Bates, County of San Bernardino Department of Public Works	3
Allison Smith, Stoel Rives, LLP	4
George Piantka, NRG	4
Michelle Murphy	4
Scott Galati, Galati & Blek, LLP	5
Scott Busa, NextEra Energy	5
Tiffany North, Riverside County	5
Lisa Belenky, Center for Biological Diversity	5
Jennifer Didlo, AES	6
Melissa Foster, Stoel Rives, LLP	6
Tim Tutt, SMUD	7 & 8
Kumar Plocher, Yokayo Biofuels	12

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1. CONSENT CALENDAR	10
<p style="margin-left: 40px;">a. COMPREHENSIVE HOUSING SERVICES, INC. Possible approval of Amendment 1 to Contract 200-10-007 with Comprehensive Housing Services, Inc. for an eight month, no-cost time extension to May 13, 2013, and to modify the terms and conditions of the contract. The agreement is to provide technical and administrative assistance to Energy Commission staff and Energy Efficiency Block Grant recipients to comply with the wage rate and certified weekly payroll process under the Davis Bacon Act. (ARRA funding.)</p> <p style="margin-left: 40px;">b. SAN DIEGO GAS AND ELECTRIC COMPANY. Possible approval of Amendment 2 to Contract 500-08-025 with San Diego Gas and Electric Company for a five month no-cost time extension to March 31, 2013, to align the project term with a scheduled associated United States Department of Energy contract for the Borrego Springs microgrid demonstration project. (PIER electricity funding.)</p> <p style="margin-left: 40px;">c. NEW BUILDINGS INSTITUTE. Possible approval of Amendment 1 to Contract 500-08-049 with New Buildings Institute, Inc., for a five month no-cost time extension to March 29, 2013. (PIER electricity funding.)</p> <p style="margin-left: 40px;">d. EDISON MATERIAL TECHNOLOGY CENTER. Possible approval of Amendment 1 to Agreement PIR-10-058 with Edison Material Technology Center to execute a novation that transfers the rights and responsibilities of the agreement to Clustered Systems Company, Inc., because Edison Material Technology Center has closed its operations. There is no increase in funding or term extension. (PIER electricity funding.)</p>	

Items

1. CONSENT CALENDAR (Continued).

- e. CROWE HORWATH LLP. Possible approval of Amendment 3 to Contract 150-09-004 with Crowe Horwath LLP for a seven month no-cost time extension to March 31, 2013, and to update the terms and conditions of the contract. The Department of Energy has granted additional time to perform evaluation, measurement, and verification on American Recovery and Reinvestment Act awards. This extension will allow the contractor to perform audits later in the period of performance. There is no change to the scope of work or amount of the agreement. (ARRA funding.)
- f. NATIONAL ENERGY TECHNOLOGY LABORATORY. Possible approval of Amendment 1 to Contract 500-08-047 with the National Energy Technology Laboratory for a seven-month no-cost time extension to June 30, 2013 due to delays during early exploratory development work. The time extension will allow for the completion of the remaining tasks identified in the Scope of Work and submission of the Final Report. (PIER electricity funding.)
- g. CITY OF TURLOCK. Possible approval of Amendment 2 to Loan Agreement 001-10-ECC with the City of Turlock for a one-year, no-cost term extension to August 31, 2013. This term extension will allow the City to complete the upgrade of its streetlights from sodium vapor and mercury vapor to induction lighting. (ECAA funding.)
- h. EMERGING TECHNOLOGY COORDINATING COUNCIL. Possible approval of a no-cost co-sponsorship and use of the Energy Commission's name and logo for the 2012 Emerging Technologies Summit (ET Summit), October 15-17, 2012. The ET Summit showcases emerging energy efficiency technologies from rate payer-funded California programs.

2. ENERGY COMMISSION COMMITTEE APPOINTMENTS. Possible approval of appointments to the Energy Commission's Standing Committees and Siting Case Committees.

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5. GENESIS SOLAR ENERGY PROJECT (09-AFC-8C). Possible approval of the petition to amend the California Energy Commission Decision to relocate the gen-tie line, the natural gas line, and to revise Air Quality Conditions of Certification.	33
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10. RENEWABLE ENERGY PROGRAM OVERALL PROGRAM GUIDEBOOK. Possible adoption of the Overall Program Guidebook for the Renewable Energy Program, Fifth Edition. The Overall Program Guidebook describes how the Renewable Energy Program is administered and includes information and requirements that apply overall to the program elements, including aspects related to California's Renewables Portfolio Standard (RPS). Some of the RPS-eligible renewable energy resources may qualify for funding under elements of the Renewable Energy Program.	65

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21. Consideration pursuant to Government Code section 11125.3, subd. (a)(2) as to whether there exists a need to take immediate action on item 22. below, and that the need for action came to the attention of the Energy Commission after the August 9, 2012, agenda was posted. (This item requires a two-thirds vote.)	HOLD
22. SoloPower, Inc. Possible approval and execution of a new Intercreditor Agreement between the California Energy Commission, Bridge Bank, N.A., State of Oregon Department of Energy, MIHI, LLC (also sometimes referred to as "MacCap" or "Macquarie") and SoloPower, Inc. regarding Clean Energy Business Financing Program loan number 010-10-CEB. The proposed new Intercreditor Agreement would allow additional funds to be loaned to SoloPower, Inc. by MIHI, LLC. This item will only be considered if item 21 is approved by a two-thirds vote of the Energy	HOLD

Commission.

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P R O C E E D I N G S

AUGUST 9, 2012 10:06 a.m.

CHAIRMAN WEISENMILLER: Let's start the
Business Meeting with the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was
recited in unison.)

CHAIRMAN WEISENMILLER: In terms of just
providing context for the meeting in terms of where
we're going, first Item 2 will be held. And then also
I want to note, and we'll have more discussion later,
that Items 21 and 22 have been added to the Agenda,
pursuant to government code 11125.3 and will be taken
up on Tuesday.

So with that let's go to Item 1, the Consent
Calendar.

COMMISSIONER PETERMAN: I'll move the
Consent Calendar.

COMMISSIONER MCALLISTER: I'll second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.) Consent Calendar passed
unanimously.

Let's go to Item 3, Abengoa Mojave Solar
Project (09-AFC-5C). Possible approval of the
petition to amend the California Energy Commission
Decision. And I believe Dale Rundquist is going to

1 go through this?

2 MR. RUNDQUIST: Yes, sir.

3 CHAIRMAN WEISENMILLER: Please, go ahead.

4 MR. RUNDQUIST: Good morning, Commissioners.

5 My name is Dale Rundquist and I am the Compliance

6 Project Manager for the Abengoa Solar Power Project.

7 With me this morning is Kevin Bell, Senior Staff

8 Counsel and Technical Staff from Biology and Traffic

9 and Transportation

10 COMMISSIONER MCALLISTER: Could you speak

11 into the microphone a little bit more?

12 MR. RUNDQUIST: Sure.

13 COMMISSIONER MCALLISTER: Okay. Thank you.

14 MR. RUNDQUIST: How's that?

15 COMMISSIONER MCALLISTER: That's perfect.

16 MR. RUNDQUIST: Also present are

17 representatives from Mojave Solar, LLC., the owner of

18 Abengoa Solar Project, and on the telephone there are

19 representatives from San Bernardino County Department

20 of Public Works.

21 The Abengoa Mojave Solar Power Project was

22 certified by the Energy Commission on September 8,

23 2010 and is currently under construction. It will be

24 a 250 megawatt project located near the town of

25 Hinkley, approximately 20 miles northwest of the City

1 of Barstow in San Bernardino County.

2 On March 30, 2012 Abengoa Solar Incorporated
3 filed a petition with the California Energy Commission
4 requesting to remove the wording in condition of
5 certification BIO-7, requiring project-related
6 vehicular traffic not to exceed a speed limit of 25
7 MPH on Harper Lake Road during project construction
8 and operation.

9 The modifications proposed in the petition
10 would reduce the potential public safety hazard caused
11 by requiring project-related vehicles to drive
12 substantially less than the posted speed limit on
13 Harper Lake Road. Staff initially believed that the
14 25 MPH speed limit would help reduce the chance of
15 impacts to desert tortoises crossing Harper Lake Road.

16 Staff reviewed the proposed change and
17 concluded that there will be no additional impacts to
18 the desert tortoise on Harper Lake Road because
19 tortoise exclusion fencing exists on both side of the
20 road for nearly the entire length.

21 The notice of receipt was mailed to the
22 Abengoa Mojave Solar Certification mailing list,
23 docketed and posted on the Energy Commission website
24 on May 2, 2012.

25 Staff's analysis of the petition was mailed

1 to interested parties on June 15, 2012 and was
2 docketed and posted to the web on June 20, 2012. One
3 comment was received during the comment period on the
4 current condition of Harper Lake Road. The condition
5 of Harper Lake Road is outside the scope of this
6 Amendment; however, staff assured the neighbor that
7 San Bernardino County is working with Abengoa Mojave
8 Solar to repair and maintain the road.

9 Energy Commission Staff reviewed the
10 petition and finds that it complies with the
11 requirements of Title 20, Section 1769(a) of the
12 California Code of Regulations and recommends approval
13 of the project modification and associated revision to
14 the biological resources condition of certification
15 BIO-7, based upon staff's findings and subject to the
16 revised condition of certification.

17 Thank you.

18 CHAIRMAN WEISENMILLER: Thank you. Let's
19 hear from the Applicant now.

20 MR. ELLISON: Thank you, Commissioners.
21 Christopher Ellison, Ellison, Schneider & Harris
22 representing the Applicant. To my right is Matt
23 Stuckey from the Applicant and in the audience is Trey
24 Bassett, representing the Applicant. I'll be very
25 brief.

1 The issue here is not an attempt on
2 Abengoa's part to drive more quickly on Harper Lake
3 Road. We don't care what the speed limit is. What we
4 care about, and the County can set the speed limit as
5 they believe appropriate and we're happy to work with
6 them on that. The issue is not having two very
7 different, 30 MPH different, one for the public and
8 one for the Abengoa people. This is a road that has
9 undulations in it. It has some limited visibility and
10 the 30 MPH difference in vehicular traffic is a public
11 safety hazard. That's the reason for this amendment
12 and we hope that you support it.

13 CHAIRMAN WEISENMILLER: Thank you. I
14 believe we also have folks on the line from the
15 county. If they want to say anything this would be a
16 good time.

17 MR. BATES: (PHONE LINE OPENED LATE) 25 but,
18 however, later this month on the 21st we are
19 considering our own reduced speed for the road due to
20 the conditions on the road. And that would apply to
21 everyone.

22 CHAIRMAN WEISENMILLER: Okay. Sorry. You
23 were cut off in the beginning so would you introduce
24 yourself? I assume this is Brendon Bates from the
25 Public Works Department?

1 MR. BATES: Correct.

2 CHAIRMAN WEISENMILLER: But if you could
3 introduce yourself for the record and then if you
4 could just repeat what you said from the start that
5 would be great.

6 MR. BATES: Okay. Good morning. I'm
7 Brendon Bates with the County of San Bernardino
8 Department of Public Works. I'm the Deputy Director
9 of Operations. And we do concur with the statement
10 that was just made by the Applicant that it is best to
11 get rid of the 25 MPH due to the tortoise because of
12 the 2 different speeds that are currently present on
13 the road. However, later this month on the 21st we are
14 considering going with our Board of Supervisors to
15 implement a reduced speed for the road. That'll apply
16 to everybody just due to the condition of the roadway.

17 CHAIRMAN WEISENMILLER: Thank you.
18 Commissioners, do you have any questions or comments
19 on this Item?

20 COMMISSIONER PETERMAN: No.

21 CHAIRMAN WEISENMILLER: Okay. Motion?

22 COMMISSIONER PETERMAN: If there's no other
23 comment than I will move Item 3.

24 COMMISSIONER MCALLISTER: I'll second.

25 CHAIRMAN WEISENMILLER: All those in favor?

1 (Ayes.) Item 3 passes unanimously. Thank
2 you.

3 Let's go on to Item 4, which is El Segundo
4 Power Redevelopment Project. (00-AFC-14C). Possible
5 approval of a petition to change the ammonia injection
6 rates, remove a scrubber and to rename the project.
7 Mary Dyas?

8 MS. DYAS: Good morning, Commissioners. My
9 name is Mary Dyas. And I'm the Compliance Project
10 Manager for the El Segundo Power Redevelopment
11 Project. With me at the table is Kevin Bell, Senior
12 Staff Counsel and we also have technical staff in
13 attendance if questions arise.

14 The original 630 megawatt El Segundo Power
15 Redevelopment Project was certified by the Energy
16 Commission on August 31, 2005. A subsequent amendment
17 to convert the project to a 560 megawatt rapid
18 response combine cycle facility using dry cooling and
19 zero liquid discharge technology was approved by the
20 Energy Commission on June 30, 2010.

21 The facility is located in El Segundo,
22 approximately 2 miles south of the Los Angeles
23 International Airport in Los Angeles County.
24 Currently, the redevelopment project is under
25 construction and is approximately 40 percent complete.

1 On April 17, 2012 NRG Energy filed a
2 petition to modify the final decision. The changes
3 requested include a change to the range of ammonia
4 injection rates specified in Air Quality Condition of
5 Certification AQ2 to be consistent with the estimated
6 operational parameters of the seaman's turbines and
7 into ensure compliance with maximum permitted levels
8 of NOx.

9 With the elimination of the ammonia pipeline
10 option the project will only receive ammonia
11 deliveries to the existing onsite storage tank by
12 tanker truck. Therefore the requirement for venturi
13 scrubber on the ammonia storage tank to control
14 emissions during refueling of the tank by a pipeline
15 as provided in Air Quality Condition of Certification
16 AQ31 is no longer necessary.

17 Also, hazardous materials management
18 condition of certification has 3 - requires the
19 project owner to update the risk management plan to
20 expand its discussion to prevent and control
21 accidental releases of ammonia from the pipeline.
22 Based on the elimination of the ammonia pipeline,
23 parts of Haz 3 are no longer necessary.

24 And the third requested change is a change
25 to the name of the project from the El Segundo Power

1 Redevelopment Project to the El Segundo Energy Center
2 Project to reflect the 2008 Energy Commission approved
3 changed in ownership and make the name of the project
4 consistent with the owner's name.

5 A notice of receipt for the petition of
6 amendment was mailed to the El Segundo post
7 certification mail list, docketed and posted to the
8 web on May 2, 2012. Staff's analysis of the petition
9 to amend was mailed to interested parties, docketed
10 and posted to the web on June 29, 2012. The public
11 comment period ended on July 29, 2012 and staff has
12 not received any comments.

13 Staff has determined that the adoption of
14 the revised conditions of certification in the
15 technical areas of air quality and hazardous materials
16 management, the modification of the El Segundo Power
17 Redevelopment Project with conform to federal, state
18 and South Coast Air Quality Management District air
19 quality laws, ordinances, regulations and standards
20 and would not result in significant environmental
21 impacts.

22 At this time staff recommends approval of
23 this petition with the proposed revisions and
24 additions to the conditions of certification.

25 CHAIRMAN WEISENMILLER: Thank you.

1 Applicant?

2 MS. SMITH: Good morning. Allison Smith,
3 Stoel Rives, LLP. I have with me George Piantka, the
4 Project Manager for El Segundo as well as our air
5 permitting consultant should you have any technical
6 questions for him. Tom Andrews with CR Research.

7 We concur with staff's analysis and
8 conclusions that the project if amended will continue
9 to comply with all LORs relative to the project and
10 that this amendment will not have a direct or
11 cumulative impact, environmental impact. And we do
12 request the Commission's approval of it.

13 CHAIRMAN WEISENMILLER: Thank you. Anyone
14 else in the room or on the phone?

15 MS. MURPHY: Yes. Michelle Murphy.

16 CHAIRMAN WEISENMILLER: Please, go ahead.

17 MS. MURPHY: Hi. I'm a neighbor. I did not
18 file anything because I know nothing about ammonia. I
19 just wanted to urge special consideration of what I
20 have found that NRG, the Applicant, has not been
21 honest with the Commission or with its neighbors or
22 throughout this process. Most particularly, right
23 now, in the visual matters, which all of us neighbors
24 can see.

25 They have ignored the conditions that were

1 required -- of certification, that were required of
2 them. And so with the ammonia, which scares me as a
3 neighbor living 15 feet from the plant, I would hope
4 that the Energy Commission, that the Staff, has looked
5 very carefully at this delivery by trucks. All I know
6 is that cars can be very unsafe, look at Princess Di
7 and her drunk driver. I don't except any drunk
8 drivers driving trucks but there will be some on the
9 road because that's the nature of roads. And I am
10 worried about the safety of this change to their
11 application.

12 CHAIRMAN WEISENMILLER: Thank you for your
13 concerns. Anyone else on the line? Staff? I'll let
14 first the staff and then the Applicant address her
15 concern. And then there may be questions from the
16 dais.

17 MS. DYAS: I believe all of the -- this is
18 Mary Dyas again. The truck traffic was reviewed and
19 dealt with during the original proceeding for the
20 final decision. And because the truck traffic is not
21 appreciably increasing the impacts have already been
22 vetted by staff.

23 CHAIRMAN WEISENMILLER: Actually, Mary, it
24 would probably be helpful to just sort of separate in
25 your comments first. She obviously raised a concern

1 on the safety issues and I want to get on the record
2 that to the extent that you've considered the safety
3 implications, the ammonia. And then she raised on the
4 record the visual issue. And I think it'd be good
5 just to give an update of where we are on the visual.
6 But, obviously, if that's not on the agenda today,
7 again, to cover both of those and, again, we'll give
8 the Applicant a second after you finish.

9 MS. DYAS: Okay. The hazardous materials
10 staff did review the - I think there was an additional
11 1 or 2 trucks as far as the delivery of the ammonia to
12 the site. And hazardous materials management staff
13 did review that and commented in their section for
14 this, the petition staff analysis, there would be no
15 increased impacts for the delivery of ammonia.

16 And then as to the visual impacts that's
17 under an ongoing complaint process, under a separate
18 process, we are currently in the middle of a comment
19 period on staff's analysis on that. And then, I
20 believe, that comment period ends on the 16th of this
21 month.

22 CHAIRMAN WEISENMILLER: That's correct.
23 Okay. Applicant, do you want to discuss both of
24 those? Again, realizing that the complaint issue is
25 being dealt with in a separate proceeding but to the

1 extent that one of the members of the public has
2 raised in this context I think it'd be useful to at
3 least address it.

4 MS. SMITH: Absolutely. And we'd be happy
5 to address any questions the Commissioners might have
6 on particular safety issues. But what the petition is
7 requesting is for the method of delivery of ammonia to
8 be changed slightly. Rather than having it delivered
9 by a pipeline from the neighboring Chevron refinery.
10 It will continue to be delivered to the site by a
11 tanker truck.

12 So while we're asking for an increase in the
13 range of permitted rates of ammonia injection flow
14 into the selective catalytic reduction system we're
15 not, overall, increasing substantially the amount of
16 ammonia that the facility will use. So the range in
17 rates is just to allow the facility to meet its
18 permitted emissions rates for NOx and also for ammonia
19 slip and to comply with the permit conditions that are
20 in place from the Air District and from the
21 Commission. Those emission rates will not change.
22 We're just looking to expand the range so that we can
23 comply with our permit conditions.

24 In terms of safety, as Ms. Dyas mentioned,
25 the facility originally and currently has delivery of

1 ammonia to an existing tank, an onsite tank, by a
2 tanker truck. And during the amendment process for
3 this project it was contemplated that we might put in
4 a pipeline to allow delivery directly from the Chevron
5 refinery. This petition would amend that, remove that
6 option, put in the pipeline and have additional tanker
7 truck deliveries – additional, not above the baseline
8 amount of truck deliveries that the facility currently
9 has but above the amount that would be necessary if
10 there was a pipeline.

11 It's important to note that with the
12 construction of the pipeline that was contemplated
13 truck deliveries would not be eliminated entirely
14 because there would be routine maintenance and
15 unscheduled outages of the pipeline. And so there
16 were several truck trips for ammonia deliveries that
17 were contemplated under the project, in any case. So
18 this would just keep the status quo of having all
19 ammonia deliveries to the site by a tanker truck.

20 CHAIRMAN WEISENMILLER: And on the complaint
21 issue?

22 MS. SMITH: There is a complaint pending
23 before the Commission regarding landscaping and visual
24 resource issues. There's no overlap between the
25 issues that are raised in the complaint and the issues

1 that are before you today with this petition to
2 amend. The ammonia tank that's in question for this
3 petition to amend is an existing tank used by the
4 facility. That's not going to be altered by the
5 project and would not be changed with this petition to
6 amend. We would be reducing potential visual impacts
7 by eliminating the construction and the presence of
8 the pipeline associated with the project with this
9 petition to amend. But they're on separate parts of
10 the site as well.

11 The issues with the complaint relate to the
12 South side of the site and landscaping and visual
13 issues adjacent to 45th Street.

14 CHAIRMAN WEISENMILLER: Thank you.

15 MR. PIANTKA: I'm George Piantka with NRG
16 and representing El Segundo Power Redevelopment
17 Project. And I'll echo what Ms. Smith said. We are
18 addressing the visual concerns in our complaint
19 process. That is we are in the comment period. We
20 will file comments. We take all the conditions very
21 seriously and we're — you know we'll work through the
22 process that's before us. And we're confident we'll
23 come up with a resolution and continue to comply.

24 CHAIRMAN WEISENMILLER: Questions?

25 COMMISSIONER PETERMAN: Just more of a

1 comment. Ms. Dyas or the public adviser, can you
2 just put on the record if one did want to file
3 comments as a part of that complaint process what they
4 would need to do?

5 MS. DYAS: They can file electronically to
6 myself and my information is online. As well as they
7 could also file and / or with dockets and the Public
8 Adviser.

9 COMMISSIONER PETERMAN: Okay. So they could
10 just search for the project name on the website and
11 this information will become available?

12 MS. DYAS: Right.

13 COMMISSIONER PETERMAN: Or contact the
14 Public Adviser?

15 MS. DYAS: Right.

16 COMMISSIONER PETERMAN: Thank you.

17 MR. LEVY: Commissioner. Pardon me. The
18 deadline to file those comments on the complaints is
19 the 16th.

20 COMMISSIONER PETERMAN: Great. Thank you.
21 Of August?

22 MR. LEVY: Correct.

23 COMMISSIONER PETERMAN: Thank you.

24 COMMISSIONER MCALLISTER: So —

25 MS. MURPHY: I have some comments.

1 COMMISSIONER MCALLISTER: Sure.

2 MS. MURPHY: I just wanted to say that I am
3 alarmed by the flow rate of 1 gallon per hour to 75
4 gallons but I have to trust both NRG and the
5 Commission staff because I know nothing about flow
6 rates and I want my air as clean as possible so. I'm
7 not really talking about that.

8 But it's my understanding that currently we
9 get about one truck trip a week and it's going to
10 double. And doubling whatever danger is there and I
11 see danger in trucks with ammonia is doubling the
12 danger. As it had been originally certified it would
13 have been 1 or 2 trips per year so that's more than
14 doubling. My impression then, I believe, if you
15 looked at the Applicant, they will say that the pipe
16 is safer than truck trips. And that makes sense to me
17 that it would be because trucks involve humans and
18 we're not very reliable.

19 Anyway, those are my concerns. I hope staff
20 has addressed them. I only have to rely on faith and
21 my faith is shaken because of the visual issues.
22 Thank you.

23 CHAIRMAN WEISENMILLER: Again, I think Mary
24 was clear that we do have staff experts in the area of
25 hazardous materials. And they have looked at this and

1 ultimately signed off on it.

2 MS. MURPHY: Right.

3 CHAIRMAN WEISENMILLER: So that was

4 certainly part of the review process for the

5 amendment.

6 MS. MURPHY: Thank you.

7 COMMISSIONER MCALLISTER: So just a couple

8 questions. I want to thank the commenter there for an

9 articulate kind of expression of her concern.

10 So the ammonia that is coming into the site,

11 is it all still coming from a Chevron refinery or can

12 it be coming from wherever?

13 MS. SMITH: The pipeline was never built.

14 COMMISSIONER MCALLISTER: Right.

15 MS. SMITH: It wasn't allowed under the

16 existing decision from the Commission.

17 COMMISSIONER MCALLISTER: So where is the

18 ammonia coming from now?

19 MS. SMITH: It's currently delivered by a

20 tanker truck.

21 COMMISSIONER MCALLISTER: From?

22 MR. PIANTKA: Commissioner, I can help

23 address that. The facility has -- includes right now

24 Unit 3 and 4, which were base loaded plants when

25 originally designed.

1 COMMISSIONER MCALLISTER: Right.

2 MR. PIANTKA: And since we put our SCR
3 System in to reduce NOx emissions the plant has been
4 served by tanker trucks by third-party vendor that
5 distributes ammonia to the site. And what we have for
6 our project and with the amendment that occurred in
7 2010 the project was originally, El Segundo Power
8 Redevelopment Project, was originally going to be a
9 base-loaded plant. So you would have had a base-
10 loaded 2-on-1 combined cycle in Units 3 and 4.

11 With the amendments that we have, and what
12 we're currently building, is we're building a peaking,
13 intermittent resource that's not a baseload. Unit 3
14 retires as part of this – as part of the amendment and
15 Unit 4 would be the remaining unit subject to OTC
16 compliance.

17 So, overall, we're seeing a reduction of
18 ammonia demand on the site as the site has changed
19 from what was a prior Unit 3 and 4 operating at a
20 larger capacity factors. I hope I've answered your
21 question about the supplier is a third-party that
22 delivers trucks.

23 COMMISSIONER MCALLISTER: Not really. I'm
24 wondering where – so the Chevron refinery is nearby,
25 right? So if you can build a pipeline over there it's

1 nearby. So I guess I'm just wondering if I'm - what
2 the pathway for existing for the ammonia actually is
3 and where - how far is it coming from? Those sorts of
4 patterns. Are they - you know if it were coming by
5 truck from the Chevron refinery next door than that
6 would be different from it coming from, you know,
7 Northern California, say.

8 MR. PIANTKA: I hadn't - the third-party
9 supplier, where they get the ammonia, if they have a
10 business-to-business relationship with a refinery they
11 - and the refinery was - could supply them. That
12 could be a direct pathway by truck to the site. And
13 then it comes by a route that's been well traveled for
14 all our deliveries since we've had an ammonia system.
15 We also have a risk management plan in place to
16 address any of the safety issues in the management of
17 ammonia at the site. These are all documents that
18 have been well in place.

19 COMMISSIONER MCALLISTER: Yeah. So. I
20 understand these issues were worked out previously in
21 the application but that predates me and it's nice to
22 hear it directly from the Applicant.

23 So roughly how many tankers are coming and
24 how many will be coming in?

25 MR. PIANTKA: It's 1-2 a week, is what we

1 estimate with the unit that's - Unit 4 that would
2 continue to operate and the new units. And at a point
3 when Unit 4 is no longer operating we anticipate that
4 to drop down to about 1 truck a week.

5 COMMISSIONER MCALLISTER: Per week. Okay.
6 Okay, thanks. No more questions from me.

7 CHAIRMAN WEISENMILLER: Okay. I was going
8 to ask the basic question of, at this point, when do
9 you contemplate this plant coming online?

10 MR. PIANTKA: The new plant is scheduled to
11 come on next summer of 2013.

12 CHAIRMAN WEISENMILLER: What part of the
13 summer? When?

14 MR. PIANTKA: We have online date by August
15 1. If it - I'm not sure if it's -

16 CHAIRMAN WEISENMILLER: Okay. Well.

17 MR. PIANTKA: When each of the trains will
18 come on earlier than that. That's certainly an
19 objective to have them available earlier.

20 CHAIRMAN WEISENMILLER: Well, obviously the
21 elephant in the room is zone 3 and 2 and we're now
22 working on contingency plans assuming those plants
23 aren't online next summer or the following summer.

24 Those are a big part of the resources in
25 Southern California. I would not that this morning at

1 10:15 the CAISO called Flex Alert for Southern
2 California between now and August 12 asking for people
3 to conserve resources. And one of the things that
4 certainly we're looking at, you know, obviously it's
5 more interesting to us to have the plant come online
6 June 1st as opposed to August 1st, is the bottom-line.

7 MR. PIANTKA: Thank you. We understand
8 that. Believe me all of the people are pushing toward
9 having that unit, the new units, available as soon as
10 possible.

11 I will also note that Unit 3 has a 90-day
12 provision after first fire of the new units and so
13 Unit 3 currently we estimate would be available
14 through Q1 of 2013 and then Unit 4 is continuing to be
15 available.

16 CHAIRMAN WEISENMILLER: Okay. And having
17 said that, obviously it's very important to us that,
18 you know, the staff is, on the compliance side, really
19 on their toes on particularly issues that involve
20 transport of hazardous waste materials. So, again,
21 really encourage that the staff did a current review
22 of this amendment.

23 And also, certainly, as the neighbor
24 indicated there's some concerns that the alleged lack
25 of compliance with our siting conditions for this

1 project get to the integrity of the Applicant. And,
2 certainly, would strongly, strongly encourage NRG to
3 work with the staff to get this resolved fast.

4 So, with that, any motions?

5 COMMISSIONER MCALLISTER: Okay. That's all.
6 I'll reiterate that definitely have to take those
7 complaints and those trust issues seriously. I mean
8 that's a fundamental way we have to do business is
9 make sure we have trust with the community wherever
10 that's possible.

11 Could you maybe just talk about what the
12 potential barriers are for getting this thing
13 installed? I mean is it a construction coordination
14 issue? Are there still local permitting - what are
15 the potential delays that you might see going forward
16 to get this in place by summer next year?

17 MR. PIANTKA: I'm sorry. You're referring
18 to the whole power plant? Energy center plant?

19 COMMISSIONER MCALLISTER: Yes. Yes.

20 MR. PIANTKA: We don't see barriers. We've
21 been moving forward on schedule since construction
22 started. And I don't see barriers to being online
23 next summer.

24 COMMISSIONER MCALLISTER: So I will move to
25 approve Item 4.

1 COMMISSIONER PETERMAN: I'll second.

2 CHAIRMAN WEISENMILLER: All those in favor?

3 (Ayes.) Item 4 passes unanimously. Thank
4 you.

5 Let's go on to Item 5. Genesis Solar Energy
6 Project (09-AFC-8C). Possible approval of the petition
7 to amend the Commission's Decision. Eric Veerkamp.

8 MR. VEERKAMP: Yes. Good morning.

9 CHAIRMAN WEISENMILLER: Good morning.

10 MR. VEERKAMP: Again, good morning,
11 Commissioners. My name is Eric Veerkamp, and I'm the
12 compliance project manager for the Genesis Solar
13 Energy Project. Here in the room this morning is
14 Joseph Hughes with Air Quality Staff. We also have
15 Laura Zaninovich and Amy Golden with our Biological
16 Unit. And we have representatives of the project
17 owner. I think we have Ken Stein here, Kenny Stein,
18 Scott Galati and Scott Busa as well. I think we have
19 some folks on the phone who have submitted comment
20 letters. I think we have Tiffany North from the
21 County of Riverside and I think we have Lisa Belenky
22 with the Center for Biological Diversity as well.

23 Genesis is a solar thermal electrical
24 generating station certified by the Energy Commission
25 on September 29, 2010. The project is currently under

1 construction and is approximately 15 percent
2 complete. The project will provide 250 megawatts of
3 power when completed. The GSEP Project is located
4 approximately 25 miles west of the City of Blythe in
5 Riverside County.

6 And I just wanted to step out for a moment
7 and mention that you may have heard that there was a
8 significant rain event at Genesis last week. I can
9 tell you that onsite staff, both the CBO and NextEra
10 staff, are still doing their data recovery and damage
11 assessment. I hope to have that material very shortly
12 and I'll be making -- the plan right now is to prevent
13 a brief to the Commission next week at the Citing Lead
14 meeting.

15 On April 7, 2012 Genesis Solar filed a
16 petition with the Energy Commission to amend the
17 Commission final decision for a relocated Gen-tie
18 line, a relocated natural gas line and to bring
19 revised Mojave Desert Air Quality Management District
20 permits into consistency with amended Energy
21 Commission conditions.

22 Can I ask that the Exhibit be rotated 90
23 degrees clockwise?

24 COMMISSIONER PETERMAN: While we're taking
25 that pause, I will ask everyone as they speak to make

1 sure to pull their microphone close and speak
2 slightly slower and clearer because I think we may
3 have some trouble with folks hearing on the line.
4 Thanks.

5 MR. VEERKAMP: Genesis has requested
6 modifying the approved generator tie-line, as you can
7 see in the exhibit on screen. Making minor
8 adjustments to the alignment primarily related to
9 where the line passes under the existing Eagle
10 Mountain transmission line, Option A, which is in
11 purple.

12 Genesis has also requested approval of
13 Option B for the generator tie-line. The alignment of
14 Option B differs from Option A in that the line jogs
15 to the north and east as it leaves the project site,
16 running north of the Wiley's Well Rest Area before
17 turning south and continuing until it crosses
18 Interstate 10 and connects with the Blythe Energy
19 Transmission Line, which is actually out of the
20 picture of this exhibit.

21 As a result of a new point of interconnect
22 required by Southern California Gas Company Genesis is
23 requesting 2 new alignments for the natural gas line,
24 again Option A and Option B.

25 Option A in the center of the screen in the

1 yellow highlight you can see the point of
2 interconnect for the gas line. Option A follows
3 roughly the alignment of Gen-tie line Option A,
4 running west from the point of natural gas
5 interconnect, then north to the project site.

6 Option B follows roughly the alignment of
7 Gen-tie line Option B, running east from the gas
8 interconnect point, then north behind and north of
9 Wiley's Well Rest Area before turning west to the
10 project site.

11 Due to terms of a new large generation
12 interconnection agreement Genesis is also constructing
13 a new small substation outside the fence perimeter of
14 the Colorado River substation to accommodate metering
15 and protection equipment for the Genesis Project.

16 Genesis is also seeking consistency between
17 the Mojave Desert Air Quality Management District
18 Permit and Energy Commission air quality conditions of
19 certification directly related to 3 items: 1. Updated
20 equipment descriptions and emissions information for
21 equipment actually purchased. 2. Slight changes to
22 emissions from some of the engines based on
23 manufacturer specifications. And 3. The change from 2
24 large wet mechanical draft cooling towers to 2 large
25 air cooled condensers and 2 small package type wet

1 cooling systems.

2 Finally, the use of portable generators is
3 being proposed to provide power during commissioning
4 activities due to uncertainty in the timing of an
5 agreement for obtaining back feed power from the
6 Blythe Energy transmission line.

7 Energy Commission staff has reviewed the
8 petition to amend and have assessed impacts on
9 environmental quality, public health and safety and
10 proposes new conditions of certification for air
11 quality, and a modified condition of certification for
12 biological resources.

13 It's staff's opinion that with the
14 implementation of the new and revised conditions that
15 the project will remain in compliance with applicable
16 laws, ordinances, regulations and standards. And that
17 the proposed modifications will not result in
18 significant adverse, direct or cumulative impact to
19 the environment.

20 I will say that the staff analysis dated
21 June 29 of 2012 was docketed and posted to the website
22 on the same date. The public review period ended on
23 Monday, July 30, 2012. We received a comment letter
24 from the CBD on the deadline July 30. And we also
25 received just yesterday, the 8th of August, a comment

1 letter from Riverside County.

2 If you would please put up the second
3 Exhibit, the comment bullets. And I'd like to address
4 each of these comments briefly.

5 CHAIRMAN WEISENMILLER: Please hold off
6 until we call on you.

7 MR. VEERKAMP: First, the Center for
8 Biological Diversity had 3 distinct comments.

9 Number one, as part of the American Badger
10 and Desert Kit Fox Mitigation and Monitoring Plan, CBD
11 has suggested that the plan include provisions for
12 radio collaring to allow for data collection as an
13 additional measure for monitoring the effects of
14 hazing activities on the species.

15 Based on this comment the Energy Commission
16 will remain open to including, as part of the "as yet
17 to be approved" American Badger and Desert Kit Fox
18 Mitigation and Monitoring Plan, allowances for future
19 radio collaring of foxes to facilitate data gathering.
20 Any allowance of such measures would be subject to
21 consultation with other resource agencies,
22 particularly the California Department of Fish and
23 Game.

24 The second comment raised by CBD was that
25 staff's analysis of the proposed modifications did not

1 adequately consider the potential impact to Mojave
2 Fringe-toed lizard habitat. And in response to this
3 comment about the habitat of the Fringe-toed lizard,
4 staff is confident that any impacts to lizard habitats
5 have been adequately mitigated. The overall acreage
6 of the proposed modifications for both Option A and B
7 are less than the acreage of the Gen-tie and natural
8 gas line originally approved and mitigated for for the
9 Fringe-toed lizard habitat impacts, potential impacts.
10 Staff's conclusion is that there is an insignificant
11 impact to the lizard habitat from the proposed route
12 changes and impacts remain less than significant.

13 Comment number 3. The third comment raised
14 by CBD was that staff's analysis failed to include an
15 assessment of greenhouse gas emissions, or GHGs,
16 associated with the proposed use of diesel generators
17 during commissioning, or bringing online of the
18 project. And in response air quality – in response to
19 CBD's comment, Air Quality staff has conducted an
20 evaluation of GHG emissions resulting from the use of
21 generators run on either natural gas or diesel,
22 ideally natural gas. Even though generators would
23 only be used on a contingency basis the evaluation of
24 a worst case scenario revealed that GHG emissions
25 resulting from the generator's operation would be a

1 maximum of 7 percent of the GHGs generated during
2 project construction. And this fractional potential
3 increase is more than made up for by the long-term
4 benefits of the project.

5 The other comment letter we received was
6 from the County of Riverside. And the County has
7 expressed a concern that portions of the proposed
8 modifications may be located on or involve the use of
9 county property or county rights of way. And in
10 response to Riverside County's expressed concern the
11 Energy Commission staff has consulted with the
12 Applicant as well as our own staff to reconfirm that
13 the proposed modifications do not involve any county
14 rights of way or easements.

15 So again Energy Commission staff has
16 reviewed this petition and have assessed impacts on
17 environmental quality, public health and safety in
18 light of the concerns raised by the Center for
19 Biological Diversity and the County of Riverside.
20 Staff's determination is that the project will remain
21 in compliance with applicable laws, ordinances,
22 regulations and standards. And that the proposed
23 modifications will not result in any significant
24 adverse direct or cumulative impact to the
25 environment.

1 And that concludes my presentation. I'm
2 open to questions.

3 CHAIRMAN WEISENMILLER: Okay. Thank you.
4 Let's hear from the Applicant next.

5 MR. GALATI: Scott Galati, representing
6 NextEra.

7 MR. BUSA: And Scott Busa with NextEra.

8 MR. GALATI: Thank you, Commissioners. We
9 appreciate staff's thorough analysis. We have
10 reviewed staff's analysis. We agreed with the
11 conditions that are proposed in there. We also agree
12 with the conclusions. If I could add a little bit of
13 information about the condition on biological
14 resources that you heard staff describe, which deals
15 with the Kit Fox and American Badger Monitoring Plan.

16 That condition was not changed as a result
17 of anything that's going on with this particular
18 amendment. But, in fact, was modified to reflect how
19 the mitigation plans have changed over time with
20 respect to the project. And so we believe, as staff
21 believes, that any comments or any input on the
22 Monitoring Plan should be properly handled through the
23 compliance process and not as part of this amendment.
24 So we'd actually ask you to support that change.

25 The rest of the changes, there are no

1 objections to and we agree to so we appreciate your
2 approval on that.

3 In addition with the comment from the County
4 of Riverside we believe that there is no county owned
5 property or county right of ways or easements that
6 need to be crossed by the project site and, therefore,
7 those issues are not relevant to your decision here.

8 Would also remind the Commission that just
9 like the Blythe Project had to do this change in the
10 transmission line right of way was primarily
11 associated with accommodating the move of the Colorado
12 River Substation and the results of the
13 interconnection agreements.

14 So we ask your approval and we're here to
15 answer any other questions that you might have.

16 CHAIRMAN WEISENMILLER: Let's now hear from
17 the County of Riverside. I think we have Tiffany
18 North on the line?

19 MS. NORTH: Good morning, Commissioners.
20 Tiffany North, Deputy County Counsel, County of
21 Riverside.

22 I just want to thank both staff and the
23 Applicant for confirming that the county easements and
24 county roads are not involved in the project. It was
25 unclear to me from the petition materials whether or

1 not that was the case.

2 CHAIRMAN WEISENMILLER: Okay. Thank you.

3 In terms of interveners Lisa Belenky, are you on the
4 line?

5 MS. BELENKY: Yes. Can you hear me?

6 CHAIRMAN WEISENMILLER: Yes.

7 MS. BELENKY: Okay. Thank you. Thank you,
8 Commissioners. I am glad to hear the responses from
9 staff to the issues that we raised and particularly
10 glad to hear that the staff is going to provide a
11 report about the recent rain event and washout at the
12 site next week. And I'm assuming that will be posted
13 and provided to all the — to the public as well.

14 We're very concerned. We remain very
15 concerned about the issues with the Kit Fox on this
16 site. And while we do support the conditional
17 monitoring requirements that are being proposed, we
18 also feel very strongly that there needs to be a
19 better set of monitoring put in place and although
20 it's fine for the Applicant to say that we should deal
21 with this within the compliance process there is no
22 clear process engagement at that stage. And this is
23 very difficult therefore for members of the public,
24 including ourselves who are interveners, to then have
25 input.

1 We are very concerned with the large number
2 of gaps on the site – of the Desert Fox and the spread
3 of distemper throughout the population in this area.
4 This is an impact that was raised by interveners
5 during the process of approval, the question of
6 impacts to the species. It was, we think, largely
7 ignored and now we see a very bad outcome –

8 CHAIRMAN WEISENMILLER: Okay.

9 MS. BELENKY: on this site. As for the
10 Mojave fringe-toed lizard question the documents do
11 not provide any information and accepted that that be
12 statement that it's less acreage. One acre is not
13 necessarily the same as another and we think that
14 there should have been more detailed provided on the
15 actual impacts to the Mojave Fringe-toed lizard
16 habitat and the quality of that habitat instead of
17 just a blanket statement that, "Oh, it won't be a
18 problem."

19 We're very glad to see the GHG evaluation
20 was now done that we had asked for. So, in sum, I
21 think we still feel that there is a big problem on
22 this site and the impacts from this project to the Kit
23 Fox and we would like to see the Commission step up
24 and require more monitoring as well as look at new
25 ways, in the future, to avoid similar conflicts.

1 CHAIRMAN WEISENMILLER: Thank you. Anyone
2 else on the line?

3 Actually, let me start out with just a
4 couple of things. First, I would like to note that
5 Commissioner Douglas is actually on duty in D.C. today
6 and she is our Lead Commissioner on the Citing stuff
7 but is engaged on a lot of the DOE CP stuff so could
8 not be here.

9 So, with that, we'll have to really make
10 sure that the staff passes on to her your comments on
11 these issues but, again, I think she's had a marvelous
12 record here on attendance. But, as I said, duty calls
13 elsewhere.

14 In terms of just following up, I wanted to
15 make sure that the staff confirms on the record that
16 the report would be made publically available,
17 hopefully next week, on the flood impacts?

18 MR. VEERKAMP: Yeah. I feel certain that in
19 some form or fashion it will be either posted on our
20 website, made public but I'm not exactly sure what
21 form that will take at this point.

22 CHAIRMAN WEISENMILLER: Okay. And, also, in
23 terms of could you give any guidance to her and other
24 interveners on how best to interact with staff on
25 development of the protocols on the compliance plan

1 for the Kit Fox?

2 MR. VEERKAMP: With respect to the Kit Fox
3 impacts?

4 CHAIRMAN WEISENMILLER: Yeah.

5 MR. VEERKAMP: I know that our staff still
6 needs to consult and coordinate with, as I said, the
7 other resource agencies. And, to some degree – to a
8 large degree, this issue with the Kit Fox and these
9 protocols are more of a Department of Fish and Game
10 issue and less of a Genesis – CEC issue because it's
11 kind of grown beyond the scope of this project. But
12 we certainly are – I've talked with staff and I know
13 they can speak more at length on this than I can. But
14 I know we are willing – they're willing to work with
15 the CDFG and if they feel it's necessary to expand on
16 these protocols for collaring and data tracking that
17 we will consider that, certainly.

18 But I think, you know, that being said this
19 idea of collaring just for the sake of gathering data,
20 you know, is beyond kind of the normal compliance
21 practices that we engage in as part of our compliance
22 duties.

23 CHAIRMAN WEISENMILLER: Again, I don't think
24 we necessarily want to get into that as much today as
25 at least trying to figure out, at least on a follow up

1 basis, the best way for CBD to interface with that
2 development as protocols.

3 So, anyway, and I'm sure that will be
4 something that Commissioner Douglas will be interested
5 in sort of pursuing with you.

6 MR. VEERKAMP: All right.

7 CHAIRMAN WEISENMILLER: Any other questions
8 or comments?

9 COMMISSIONER MCALLISTER: Yeah. I have a
10 question. So, yeah, on the Kit Fox and the American
11 Badger Plan I think it is important that there be a
12 process that is transparent and is followed and is
13 open as possible so that ineligible stakeholders can
14 help guide that. And, you know, to the extent that
15 the additional monitoring has some merit,
16 scientifically.

17 I don't think the fact that it's a bigger
18 issue than our traditional vetting of a power plant
19 should impede our sort of advocacy for doing it right.
20 So that's the nature of the Citing process in this day
21 and age. So I think that we kind of need to go with
22 what's needed. Rather than drawing any artificial
23 barriers around our vetting process. And to the
24 extent that there are many other agencies involved we
25 have to just work with them.

1 So I did have a question about – so I
2 wasn't clear, maybe I missed this in the write-up, but
3 so the Option A and the Option B, what is the
4 motivating factor behind having 2 options? And what's
5 the process for choosing one or the other? Is that
6 down the road? What's the sort of context there?

7 MR. VEERKAMP: Well I would like to differ
8 to the Applicant but I can tell you that they have
9 requested, if it wasn't clear, approval by the
10 Commission of either Option so that they could choose
11 either Option A or Option B.

12 COMMISSIONER MCALLISTER: Yeah. So I
13 understand that. And I guess so that just brings up
14 what are the issues that have prevented that decision
15 from being made already?

16 MR. GALATI: There were two options as
17 described. Option A is basically the original Option
18 that was approved by the Commission with just a very
19 minor modification to that. And Option B was actually
20 a better route, in our minds. It has less
21 environmental impacts, in particular some cultural
22 features associated with Option A that is avoided by
23 using Option B. But because Option A was sort of the
24 original route and Option B was kind of a new area we
25 just wanted to lay out both for the review by the

1 staff and by the Commission so we didn't know if one
2 or the other would be approved. We gave 2 options -
3 sort of an original and an improved alternative.

4 The decision will be made once approved by
5 the Commission and by the Bureau of Land Management.
6 They also need to approve an amendment to the NEPA
7 documents to also approve these options. But
8 certainly the company NextEra is leaning towards what
9 we consider the less impactful option, Option B, but
10 just because of the uncertainty of which one or both
11 if they might get approved we've asked for approval
12 for 2 options at the Commission, and are doing the
13 same thing with the BLM.

14 COMMISSIONER MCALLISTER: Okay. So just to
15 understand. So Option B is what you'd really like and
16 you're keeping Option A on the table just in case?

17 MR. GALATI: Just in case and because it was
18 basically just the original option that was approved
19 by the Commission.

20 COMMISSIONER MCALLISTER: Okay. So and what
21 are the factors that have come up since the original
22 approval that have led you to say, "Oh. Option B would
23 be better than Option A."?

24 MR. GALATI: Well, one in particular, and
25 it's actually just slightly off the screen here. It's

1 where the options connect to the east/west Gen-tie
2 route that takes us to the Colorado River substation.
3 And during the construction of Southern
4 California Edison's Devers - Palo Verde 2 500 kV line,
5 which runs in the same corridor just to the south
6 here. They've uncovered some Native American remains.
7 Option A takes us very close not, not into those, but
8 very close to.

9 So one of the reasons that we prefer Option
10 B it moves us further away from where the issues arise
11 from Southern California Edison's project. It also
12 straightens out the Gen-tie a little bit so there's
13 less visual impact with Option B. And it was really
14 just a development of early planning and as we
15 actually got into the detailed engineering of the
16 transmission line, recognized that Option B would have
17 been a better choice from the beginning.

18 COMMISSIONER MCALLISTER: Okay. Okay.
19 Thank you for that.

20 COMMISSIONER PETERMAN: No questions. I
21 appreciated staff's response, oral response, to the 2
22 comment letters filed.

23 COMMISSIONER MCALLISTER: Okay. I'll make a
24 motion to approve Item 5.

25 COMMISSIONER PETERMAN: I'll second.

1 CHAIRMAN WEISENMILLER: All those in favor?
2 (Ayes.) Item 5 is approved.
3 Let's go on to Item 6. Thank you, staff.
4 Huntington Beach Energy Project (12-AFC-02).
5 Kevin Bell? Item A is possible approval of Executive
6 Director's data adequacy recommendation.
7 MR. BELL: Yes. Good morning, Chairman
8 Weisenmiller. Commissioners Peterman and McAllister.
9 My name is Kevin Bell. I'm the Senior Staff Counsel
10 assigned to the Huntington Beach Energy Project. The
11 project manger for this matter is Felicia Miller, who
12 could not be with us today. Standing in for her is
13 Pat Kelly, seated next to me.
14 On June 27 of this year AES Corporation
15 submitted an application for certification for AFC to
16 construct and operate the Huntington Beach Energy
17 Project. The project is proposed to replace the
18 existing Huntington Beach Power Plant on the 20.6 acre
19 parcel located in the City of Huntington Beach,
20 California.
21 The proposed Huntington Beach Energy Project
22 would be a natural gas fired, combined-cycle, air-
23 cooled, 939 megawatt electrical generating facility.
24 The project will consist of 2 power blocks. Each
25 composed of 3 natural gas combustion turbine engines

1 with supplemental heat recovery steam generators, a
2 steam turbine generator, an air cooled condenser and
3 ancillary facilities. The project will connect to the
4 existing high voltage electric transmission and
5 natural gas pipeline systems that are already present
6 on the site, avoiding the need to construct any new
7 offsite linear facilities.

8 On July 27, after reviewing the application
9 for certification, staff filed a recommendation
10 indicating that the AFC was not yet complete. Staff
11 determined that the information contained in the AFC
12 was deficient in 5 areas: air quality, biological
13 resources, cultural resources, public health and
14 transmission system design.

15 On August 6, the Applicant filed a
16 supplement to the AFC. Staff has completed its data
17 adequacy review of the supplemental information
18 together with the original AFC and has determined that
19 the information provided by the Applicant meets all
20 the requirements listed in Title 20, California Code
21 of Regulations, Section 1704, Appendix B.

22 Just to get off script for a moment, I do
23 want to thank staff and the Applicant for coordinating
24 their efforts to get this information completed and a
25 review completed in a very quick time.

1 One comment has been submitted in this
2 matter. On August 3, 2012, the California Coastal
3 Commission submitted comments on staff's data adequacy
4 review in accordance with the 2005 Memorandum of
5 Agreement between the Energy Commission and the
6 Coastal Commission regarding that Agency's statutory
7 role in the Energy Commission's AFC proceedings. In
8 its comments, the Coastal Commission identified 4
9 specific areas of concern: biological resources,
10 geologic hazards, cumulative impacts regarding nearby
11 proposed desalinization facility and alternatives.

12 The Coastal Commission has requested that
13 the Energy Commission hold in abeyance any
14 determinative data adequacy until its concerns are
15 addressed. However, with the recent submittal of the
16 supplemental information by the Applicant staff has
17 determined that sufficient information has been
18 provided to meet the data adequacy requirements of the
19 Energy Commission's regulations.

20 Additionally, Energy Commission staff
21 believe that some of the information needs that have
22 been identified with Coastal Commission go beyond the
23 scope of information requirements in the Energy
24 Commission's regulations.

25 Energy Commission staff will work with the

1 CCC to prepare data requests that will be sent to the
2 Applicant immediately following acceptance of the AFC
3 as complete, pursuant to the Energy Commission's
4 regulations.

5 In closing, Energy Commission staff
6 recommends that the Energy Commission accept the AFC,
7 together with the supplemental AFC, as complete and
8 appoint a committee for the Huntington Beach Energy
9 Project.

10 CHAIRMAN WEISENMILLER: Thank you. I think
11 we have some issues on WebEx on the line. Allison,
12 could you explain what's going on or what people
13 should do or Harriet?

14 I'm sorry, for the public, but I just want
15 to make sure that you got the coherent point in your
16 presentation. We had a chance to talk about the
17 issues we're facing and then we'll go back to this
18 issue. Technical issues, I guess, is what I should
19 clarify.

20 MS. KALLEMEYN: So, Chair Weisenmiller, this
21 is Harriet Kallemeyn. We are having some issues with
22 audio on the WebEx. People who are unable to hear can
23 call in on our conference call number or contact the
24 Public Adviser's Office for further information.

25 If you wish to call in on the conference

1 call the toll free is 1-888-823-5065. The Passcode
2 for the meeting is Business Meeting and when you're
3 asked for the call leader, please say, "Jerome Lee."
4 You will be able to hear everything that goes on in
5 the room and, if you wish to testify, you can let the
6 operator know that and you will be able to testify
7 during the hearing.

8 COMMISSIONER PETERMAN: And, Harriet, I
9 assume this information has been posted in terms of
10 the area where you can type messages online for those
11 who cannot hear?

12 MS. KALLEMEYN: We will not be folks can't
13 participate directly through the WebEx. If you do
14 want to participate in the meeting you do have to call
15 in to the conference calling center. That is no
16 change from our regular procedure. It's always been
17 that way.

18 COMMISSIONER PETERMAN: Okay.

19 MS. KALLEMEYN: And, again, if you're not
20 getting the audio on the WebEx you can hear the
21 proceeding whether you wish to participate or not.
22 The number again 1-888-823-5065.

23 COMMISSIONER MCALLISTER: So if, Harriet, if
24 you could type - if somebody could type in in the box
25 there that number so that if people can't hear they

1 can actually have it.

2 COMMISSIONER PETERMAN: Thank you for that
3 update.

4 CHAIRMAN WEISENMILLER: Thank you. I don't
5 know if we have anything generally on the – if there
6 are issues on audio or whatever to please contact the
7 Public Adviser's Office. That's good.

8 So, with that, let's go back to this Item.
9 Applicant?

10 MS. FOSTER: Good morning, Commissioners.
11 Melissa Foster with Stoel Rives, counsel for the
12 Applicant. With me here today is Jennifer Didlo,
13 President of AES Southland Development. On behalf of
14 Applicant, I'd like to thank staff and thank Kevin
15 Bell for the summary.

16 We agree with staff's recommendation and Ms.
17 Didlo would like to say a few words on behalf of the
18 project, if that is okay.

19 CHAIRMAN WEISENMILLER: Sure. Go ahead.

20 MS. DIDLO: Good morning, Commissioners and
21 staff. Thank you for your efforts to date and your
22 commitments to California's complex energy needs.

23 Sustaining power generation at the
24 Huntington Beach site as this project will do is
25 imperative for regional reliability. The efforts this

1 year to make sure that Huntington Beach's Unit 3 and
2 4 were operational while the San Onofre units were
3 down was a tangible example of that.

4 Developing and permitting technology in a
5 configuration that supports the California Renewable
6 Portfolio Standard, eliminates the use of ocean water,
7 improves the efficiency and the reliability while
8 helping California solve its problem around the aging
9 infrastructure. Definitely support California meeting
10 its clean energy and clean air objectives.

11 AES is committed to California and AES is
12 committed to this project. And we recognize the
13 project's importance to the bigger picture of
14 California. That is a picture of a future that
15 includes continued sustainable stable supply of
16 electricity while maximizing the use of renewable
17 sources. Thank you for your time.

18 CHAIRMAN WEISENMILLER: Thank you. I'll
19 just echo the sort of connection, obviously, just
20 repeating myself that San Onofre is out in 2 and 3.
21 And in terms of a planning purpose at least we're
22 planning for the next couple of years in case it's not
23 back. And, as you indicated, one of the things we've
24 painfully discovered this year is that there are few
25 power plants in that part of the state and Huntington

1 Beach is certainly critical in that context.

2 But, again, I will say that, as you know, we
3 will have a very thorough review process here and but
4 we certainly appreciate staff and Applicant working
5 diligently to correct the issue
6 s and move this one forward. But, again, I promise
7 everyone a public process to have a very thorough
8 review as part of it.

9 COMMISSIONER PETERMAN: I'll just add.
10 Thank you for your comments, Chairman, and
11 particularly for the comment about the necessity still
12 for need for a thorough review. As we move forward
13 and try to repower facilities to deal with 1:01:53.1
14 requirements as well as renewables integration, we
15 will still keep our mandate to make sure we're
16 minimizing significant impacts seriously. And so
17 thank you for your comments on this Item.

18 COMMISSIONER MCALLISTER: I will hold off on
19 comments actually until Item 7, I think.

20 CHAIRMAN WEISENMILLER: Okay. So do we have
21 a motion for accepting the Executive Director's?

22 COMMISSIONER PETERMAN: So are we taking
23 this in part?

24 CHAIRMAN WEISENMILLER: Yeah.

25 COMMISSIONER PETERMAN: I'll move Item 6(a).

1 COMMISSIONER MCALLISTER: I'll second.

2 CHAIRMAN WEISENMILLER: All those in favor?

3 (Ayes.) Item 6(a) passes unanimously.

4 Going on to 6(b) possible approval of a
5 committee. The committee will be chaired by
6 Commissioner McAllister, with the second member being
7 Commissioner Douglas.

8 COMMISSIONER PETERMAN: If no comments on
9 that I will move Item 6(b).

10 COMMISSIONER MCALLISTER: So I meant 6(b)
11 not 7. So I just wanted to reiterate something that
12 Commissioner Weisenmiller said, or Chair Weisenmiller
13 said, which is that as this will be my first case or
14 my first siting case that I'm the lead on and, you
15 know, certainly we take all the stakeholders very
16 seriously. There are a number of — each plant is
17 unique. Each siting case is unique. It really does
18 require a lot of heavy lifting on the part of staff
19 and we know that when a — if and when a plant gets
20 through that process and gets approval, that approval
21 is often substantially different than what it went in
22 looking like because of staff's diligence and all the
23 work with stakeholders. And it's not a, definitely
24 not a rubber stamp. And the process is meant to end
25 up with results that are bullet proof. That are

1 really very robust, defensible and take both the best
2 interests of the state and the reliability needs that
3 we have to uphold. But also allow stakeholders who
4 are interested and impacted to have a say and
5 influence and, particularly, participate in the
6 process in the maximum way possible.

7 So, just wanted to make sure that it was
8 very clear that we are extremely committed to that
9 process. And that notwithstanding all the reliability
10 needs and the San Onofre situation and Huntington
11 Beach is in the critical here where we need to support
12 another ancillary services. I think I'm looking
13 forward to managing that process and to working with
14 all the stakeholders and staff, particularly, on this
15 project. So thanks very much.

16 So I'll second.

17 CHAIRMAN WEISENMILLER: All those in favor?

18 (Ayes.) Item B passes unanimously. I would
19 disclose by noting that I had the opportunity in the
20 80's to work with the founders of AES, Roger Sant,
21 Dennis Bakke and Bob Hempel and they have very, very
22 high ethical and environmental values. And,
23 certainly, I expect that tradition to be continued
24 with this project.

25 MS. FOSTER: Thank you.

1 CHAIRMAN WEISENMILLER: Let's go on to -
2 we're going to discuss Item 7 and 8 jointly but we'll
3 then vote separately on those.

4 So Item 7 is Energy Efficiency and
5 Conservation Block Grant Program Guidelines and Item 8
6 is Energy Efficiency and Conservation Block Grants.
7 And these are part of the Energy Efficiency and
8 Conservation Block Grants awarded by the U.S.
9 Department - through us by the U.S. Department of
10 Energy, under the ARRA Program. Amir?

11 MR. EHYAI: Thank you, Chairman. Good
12 morning, Commissioners. My name is Ami Ehyai and I'm
13 with the Special Projects office. With me is Gabe
14 Herrera of the Commission's Legal Office and, as
15 you've mentioned, I will be speaking on Items 7 and 8
16 as they are related.

17 I'm here to seek your approval of the 6th
18 edition to the Energy Efficiency and Conservation
19 Block Grant Program Guidelines. The Block Grant
20 Program is set to expire on September 13, 2012.
21 However, at the request of the Energy Commission staff
22 the U.S. Department of Energy has granted the
23 Commission a 1-year no cost time extension on the
24 program. The revised guidelines will: 1) extend the
25 period of performance for this program by one year and

1 2) replaces all reference to the ARRA ad-hoc
2 committee with the Executive Director.

3 There are also other non-substantive changes
4 proposed for clarifications purposes. The revised
5 guidelines were docketed and publicly noticed on July
6 25. As of today there have been no comments.

7 I would like to take a moment and provide an
8 update on the Block Grant Program. The Energy
9 Efficiency and Conservation Block Grant Program was
10 created by the Energy Independence and Security Act of
11 2007 and funded by the American Recovery and
12 Reinvestment Act of 2009.

13 The program has provided billions in
14 economic incentive investment nationally to stimulate
15 the economy. In California, the Energy Commission's
16 Special Projects Office is administering the block
17 grant program for the small cities and counties. The
18 program includes two phases. Under Phase I the
19 Commission awarded over \$32 million to 279 local
20 governments. As of June 14, 2012 all Phase I projects
21 are complete.

22 The majority of funding has gone to upgrade
23 interior and exterior lights. This is followed by
24 heating, ventilation and air conditioning equipment
25 and controls. Staff estimates that the annual energy

1 savings from all Phase I projects will exceed 38
2 million kilowatt hours of electricity and 350,000
3 therms of natural gas. This equates to roughly \$5.5
4 million in utility cost savings each year for the
5 participating jurisdictions. A monitoring,
6 verification and evaluation effort is currently
7 underway by a third-party engineering firm to verify
8 the energy savings estimates and to evaluate the
9 program as a whole. Next slide, please.

10 In January 2012, staff released the EECBG
11 Phase II solicitation. This was done to ensure that
12 the benefits of the Block Grant Program will remain in
13 California. The reason is that under Phase I a number
14 of awardees cancelled or withdrew from the program as
15 well a number of the completed projects have come in
16 under budget. This leads unspent, upwards of \$3
17 million out of the initial \$32 million in awards that
18 can be redirected to Phase II projects.

19 Earlier this year, the Commission approved
20 15 Phase II projects, which will be funded as unspent
21 Phase I funds become available. To date, staff has
22 funded the first 6 Phase II projects. Your approval
23 of the revised guidelines will provide the Phase II
24 grantees additional time to complete their projects
25 and expand the ARRA funds as approved by the U.S.

1 Department of Energy.

2 I'm happy to answer any questions you may
3 have.

4 CHAIRMAN WEISENMILLER: Thank you very much.
5 Commissioners, any questions or comments?

6 COMMISSIONER MCALLISTER: I'll just note
7 that this is really a, in my view, a good management -
8 both of these Items, actually, good management of our
9 funds. And making sure we actually get the money
10 spent in California doing good things. And clearly
11 this is a successful program. The local governments,
12 the small, local governments, that were a part of this
13 program, really need the resources. And there are
14 many valuable projects, many more than we can fund,
15 with available resources and the ones we prioritized
16 there through this process are worthy. We want to get
17 down this list as much as we can with whatever fallout
18 from the Phase I. So as further funds come available
19 hopefully we'll be able to fund some of those but it's
20 really math at this point to figure that out.

21 So I appreciate the flexibility at the
22 Department of Energy, absolutely, and I think this is
23 a very worthwhile thing for us to approve so. Thank
24 you. Thank you for all your efforts.

25 So I'll move to approve Item 7.

1 COMMISSIONER PETERMAN: I'll second.

2 CHAIRMAN WEISENMILLER: All those in favor?

3 (Ayes.) Item 7 is approved.

4 Let's go on to Item 8.

5 MR. EHYAI: Sure. Again, this Item is a

6 companion to agenda Item 7. I'm seeking your approval

7 of a resolution directing the Executive Director to

8 extend the term of the 15 Phase II projects by 6

9 months from September 13, 2012 until March 13, 2013.

10 CHAIRMAN WEISENMILLER: Thank you.

11 COMMISSIONER MCALLISTER: No comment from

12 me. I'll go ahead and move to approve Item 8.

13 COMMISSIONER PETERMAN: I'll second.

14 CHAIRMAN WEISENMILLER: All those in favor?

15 (Ayes.) Item 8's approved.

16 Let's go on to Item 9. Now, again, we're

17 going to discuss 9 and 10 together and then we'll vote

18 separately on each of those Items.

19 So 9 is the Renewables Portfolio Standard

20 Eligibility Guidebook. Well, just to set it up is the

21 Renewables Energy Program overall, program overall,

22 Guidebook. And, again, we will discuss those together

23 and then vote separately. Thanks Kate and Gabe, of

24 course.

25 MS. ZOCCHETTI: Thank you. Good morning,

1 Chairman and Commissioners. I'm Kate Zocchetti with
2 the Renewable Energy Office. I manage the RPS Program
3 here at the Energy Commission. With me is Gabe
4 Herrera, Legal Counsel, and technical staff Mark
5 Koostra.

6 Staff proposes that the Energy Commission
7 adopt minor revisions to the Renewables Portfolio
8 Standard Eligibility Guidebook, 5th Edition and to the
9 Overall Program Guidebook for the Renewable Energy
10 Program 4th Edition. Both of which were adopted by the
11 Energy Commission on May 9 of this year.

12 With guidance and input from Commissioner
13 Peterman, the Lead Commissioner for Renewables, staff
14 proposes these limited changes to the guidebooks to
15 respond to public comments received during the comment
16 period for that proceeding.

17 The RPS Eligibility Guidebook describes the
18 eligibility requirements and process for certifying
19 renewable resources as eligible for the RPS and
20 describes how the Commission verifies compliance.

21 The Overall Program Guidebook describes how
22 the Energy Commission's Renewable Energy Program is
23 administered and includes information and requirements
24 that apply overall to the program elements and to
25 California's RPS, including a glossary of terms.

1 Revisions to these Guidebooks are done
2 periodically to respond to changes in law, CPUC
3 decisions that affect the RPS gules and lessons
4 learned from program implementation.

5 During my presentation on May 9 I noted that
6 these changes would be presented for consideration at
7 an upcoming Business Meeting but that further public
8 notice was warranted. The Energy Commission released
9 a public notice summarizing these changes and showing
10 the changes in red line format on July 30. Written
11 comments were due by August 3 and we received comments
12 from 3 parties.

13 I'd like to summarize the staff's proposed
14 changes to the RPS Eligibility Guidebook first. Staff
15 proposes to clarify that facilities located outside
16 the United States must demonstrate that the facility
17 has developed and operated in a manner that is as
18 protective of the environment as a similar facility
19 located in California. Staff proposes to clarify that
20 these environmental requirements are limited to
21 facilities that are connected to a balancing authority
22 that is not a "California balancing authority" as
23 defined in the Overall Program Guidebook for the
24 Renewable Energy Program.

25 Staff proposes to allow generation from a

1 certified 40 megawatt, hydra-electric generating unit
2 that is operated as part of water supply or conveyance
3 system to count towards a utility's RPS procurement
4 requirements beginning on the effective date of Senate
5 Bill X1-2, which was December 10, 2011, if an
6 application for certification is received by October 1
7 of this year.

8 Because 40 megawatt, hydra-electric
9 generating units may not have a FERC permit staff
10 proposes to allow an applicant to submit project
11 licenses, permits and exemptions issued by FERC only
12 if applicable to the facility and if – excuse me, and
13 if none were issued the Applicant must submit
14 explanatory documentation.

15 Staff proposes to clarify that, in general
16 only an Applicant who seeks to revise a facility's day
17 of Commercial operations must apply for eligibility as
18 a re-powered facility.

19 We also propose to clarify that to receive a
20 beginning on date for eligibility, beginning with the
21 month during which an application is received, the
22 application for certification must be submitted within
23 90 days of the facility's commencement of commercial
24 operations.

25 We propose to clarify that for utility –

1 excuse me, for a utility-certified facility to
2 qualify for a certification extension after its
3 contract expires if that occurs after October 1, 2012
4 the facility applicant must submit an application no
5 later than 90 days after the termination date of the
6 contract.

7 The 5th Edition of the Guidebook provided an
8 aggregated application process for wind and solar
9 facilities – excuse me, solar PV facilities, having
10 similar characteristics and registered in regius as
11 aggregated units. Staff proposes to allow an
12 Applicant to submit an amended application to remove
13 an ineligible facility from the group within 30 days
14 without the group losing certification as an entire
15 unit.

16 Lastly, for that Guidebook, staff proposes
17 to require that applications for certification and
18 pre-certification be submitted electronically under a
19 specified format unless the Applicant receives advance
20 approval from staff.

21 Moving on to the Overall Program Guidebook
22 we just have 1 proposed change, which is to add a
23 definition of “name plate capacity”. And the
24 definition that we propose is consistent with the
25 definition used by regius, which has been the Energy

1 Commission's practice all along.

2 And, in addition to these revisions and
3 clarifications staff has also corrected minor errors -
4 grammatical, typographical and formatting and so forth
5 in both of these guidebooks.

6 So that summarizes the changes that we
7 propose. I'd like to add, though, that several
8 stakeholders commented during the previous proceeding
9 to adopt the Guidebooks in May that the Energy
10 Commission should adopt an exemption for some
11 renewable distributed generation facilities that
12 operate with generation behind the meter from the
13 requirement for revenue grade meters that have been
14 independently verified to an accuracy of +/- 2 percent
15 for purposes of RPS accounting.

16 Commissioners indicated at that time that
17 they would consider such a change to the meter
18 accuracy requirement in the future if accuracy could
19 be assured, acknowledging that energy grade meters are
20 appropriate for the RPS since revenue is being
21 exchanged. And the integrity of the RPS depends on
22 accurately reported generation data.

23 Staff was redirected to revisit the research
24 that we had done over the past year or more on this
25 topic and to determine if there was additional

1 information that had yet to be considered. Since
2 that time after conducting additional research and
3 analyzing the various options staff recommends the no
4 change option. This option preserves the accuracy
5 that is required for all RPS certified facilities. It
6 maintains a level playing field across technologies
7 and across utilities and aligns with the state's other
8 performance based renewable energy programs.

9 While maintaining this requirement would
10 mean that some DG facilities would need to add a
11 revenue grade meter for a utility to claim its
12 generation for the RPS. And that this added cost may
13 be prohibitive in some cases. Allowing an exemption
14 for meter accuracy for existing facilities does not
15 benefit the state nor does it help the state achieve
16 the Governor's goal of 12,000 megawatts of renewable
17 DG by 2020.

18 Maintaining the meter accuracy requirement
19 also ensures that new DG facilities in the RPS will
20 have the independently verified revenue grade meters.

21 This concludes my presentation. I ask that
22 the Commission adopt these Guidebooks with staff's
23 proposed changes and I'd be happy to respond to
24 questions.

25 CHAIRMAN WEISENMILLER: Okay. First we do

1 have 1 request to speak. Tim Tutt?

2 MR. TUTT: Good morning, Chair Weisenmiller.
3 Commissioners, staff. SMUD supports the ongoing
4 implementation of the RPS and the changes to the
5 Guidebook here today. We didn't see any issues
6 related to the minor changes that were proposed and
7 are going to be, presumably, adopted here today.

8 I'm just here to let you know that as we
9 looked at those changes we did take sort of a cover-
10 to-cover look at the RPS Guidebook and we, therefore,
11 will be filing some comments later today addressing
12 other issues in the Guidebook for future reference. I
13 just wanted to make sure that you were aware that we
14 were filing that today. Thank you.

15 CHAIRMAN WEISENMILLER: Thank you. Is there
16 anyone else, either in the room or on the phone, who
17 wants to comment?

18 So, with that, Commissioners, any questions
19 or comments? Commissioner Peterman —

20 COMMISSIONER PETERMAN: I'll offer a comment
21 or two and then turn to my fellow Commissioners and
22 see if they have any questions.

23 First of all, thank you Mr. Tutt for the
24 cover-to-cover read. Our documents are always
25 improved with the stakeholders who are actually having

1 to implement this work on the ground, giving us
2 feedback. As the Guidebooks are, they are living
3 documents, as the RPS Program continues to evolve and
4 there'll obviously be some changes in the future
5 Guidebooks going forward as we further implement the
6 new RPS legislation.

7 Commissioners, I just wanted to comment that
8 I am supportive of staff's recommendations.
9 Particularly, I just wanted to add a final comment on
10 the revenue meter – the revenue grade meter issue. In
11 our Business Meeting where we adopted the Guidebook
12 the first time around. We heard stakeholder feedback
13 about the decision to require revenue grade meters and
14 I think all of the Commissioners were interested in
15 further analysis being done. I directed staff to do
16 so.

17 Thank you, staff, for doing that further
18 analysis. They engaged with the various stakeholders
19 and gathered data to really understand what the impact
20 of this decision would be. As Ms. Zocchetti explained
21 well, the objective of the program is to make sure
22 that we are accurately measuring renewable energy that
23 the state is providing a premium for and these revenue
24 grade meters will allow us to do that. Again, it
25 provides an even playing field and consistency across

1 all parties participating in the program.

2 Distributed generation is very important to
3 the state and we are engaged in a number of efforts to
4 promote distributed generation. This decision does
5 not preclude any DG facilities from participating in
6 the RPS if they acquire or upgrade to a revenue grade
7 meter they can participate. Also, the solar PV
8 systems that we're talking about have been
9 incentivized by the state already as a part of either
10 a state or a utility-level subsidy program. So this
11 was a discussion about an additional incentive,
12 participating in the RPS. So, indeed, I think we're
13 moving in the right direction. Looking forward to
14 more DG, again, with these accurate meters and thank
15 staff for their time.

16 If there is any other questions I'm happy to
17 have discussion with my fellow Commissioners on the
18 Item.

19 COMMISSIONER MCALLISTER: I'll just say that
20 I really appreciate Commissioner Peterman's leadership
21 on this and really enjoyed my briefing on this topic
22 with Ms. Zocchetti and her staff.

23 And, you know, it's a sticky issue with lots
24 of stakeholders and those are always the ones that
25 require the most due diligence and involvement with

1 those stakeholders by staff and the Commissioners.

2 In having been involved in the DG world at
3 the CSI and everything for a lot of years, understand
4 the passion on all sides of this issue. But agree
5 with Commissioner Peterman's analysis of this and with
6 staff's that, you know, our - we want to incentivize
7 new DG, with a level playing field; we'll have a
8 market to engage under rules that make sense. And,
9 so, going forward these requirements, these sort of
10 rules are appropriate. Costs for revenue grade meters
11 and that accuracy have gone down and we expect them to
12 continue to come down so this will be more and more
13 accessible to the marketplace. And, existing systems,
14 can step up if they so desire and participate as well.
15 And, so, that really is the main goal. And so I am
16 very supportive of this and would move to approve Item
17 9.

18 CHAIRMAN WEISENMILLER: I just have one
19 comment, which was, again, certainly have appreciated
20 the staff's efforts to really maintain the integrity
21 of the programs. And, as Commissioner Peterman said,
22 to the extent that we're providing a lot of subsidies
23 and sort of encouragement for Californians to use
24 renewables. It's our job to make sure that it's
25 really green renewables stuff that's being certified.

1 So, good job.

2 COMMISSIONER PETERMAN: Indeed. We're
3 trying to make sure we're really getting the state and
4 ratepayer value. And I think these Amendments do
5 that.

6 COMMISSIONER MCALLISTER: I'll just actually
7 add too because I think the backdrop here is that we
8 need a market for our RECs, right? We need an
9 understandable -- if a relatively small system owner is
10 going to participate in the REC market there need to
11 be clear rules. And it needs to be pretty plug and
12 chug or -- it can't be a custom job to participate in
13 RPS because that costs too much money and then there's
14 no value proposition for that entity or that system.

15 So, you know, the price for RECs is very
16 uncertain and it'll be variable going forward. And
17 whether it's a real cash-flow stream for an individual
18 project that's trying to sell their RECs I think is an
19 open question. Hopefully, it will be in my view. But
20 these rules, I think, are critical for making that
21 happen. And letting the marketplace know exactly what
22 it means to participate and making it as, sort of,
23 straight forward as possible is a big step in the
24 right direction. So, thanks.

25 COMMISSIONER PETERMAN: Great. So I

1 believe, Commissioner McAllister, there was a motion?

2 COMMISSIONER MCALLISTER: Yes.

3 COMMISSIONER PETERMAN: So I will second the

4 motion for Item 9.

5 CHAIRMAN WEISENMILLER: And all those in

6 favor?

7 (Ayes.) Item 9 passes unanimously.

8 Let's go on to Item 10. I think the staff

9 presentation covered Item 10 also so.

10 COMMISSIONER PETERMAN: All right. I will

11 move Item 10.

12 COMMISSIONER MCALLISTER: I'll second.

13 CHAIRMAN WEISENMILLER: All those in favor?

14 (Ayes.) Item 10 passed unanimously.

15 Let's go on to — thank you. Thanks again.

16 Let's go on to Item 11. Schlumberger Carbon Services.

17 Possible approval of Contract 500-11-032 for

18 \$2,731,000. And these are funded out of the WESTCARB

19 grant and fully funded with DOE funds. So, again,

20 this is WESTCARB/DOE funding. Mike?

21 MR. GRAVELY: Good morning, Chairman,

22 Commissioners. I'm Mike Gravely from the R&D

23 Division. I'm here today to bring forward the

24 Schlumberger contract, which is one of several

25 contracts we have under the \$20 million DOE grant that

1 the Energy Commission manages for DOE. As you
2 mentioned, this contract is fully funded under DOE
3 funds.

4 Under this effort Schlumberger will be
5 completing additional data and analysis from the
6 Northern California characterization well that was
7 completed in 2011. They will also be completing
8 detailed seismic analysis and collecting data, both in
9 California and some of the other WESTCARB states.

10 This seismic data will be used to overlay
11 with existing underground geological characterization
12 data to help us identify areas that are especially
13 good for CCS and areas that we want to avoid for some
14 potential seismic information. Also, as mentioned,
15 they will be providing over \$2 million in cost share.

16 I'll be glad to answer any questions I can
17 for this effort.

18 CHAIRMAN WEISENMILLER: Thank you.
19 Commissioners, any questions or comments?

20 COMMISSIONER PETERMAN: I'll just say that
21 I'm glad to see that we're still moving on CCSS and
22 trying to understand the potential in that area. So I
23 will move — unless there's any other comments, I will
24 move Item 11.

25 COMMISSIONER MCALLISTER: I'll second.

1 CHAIRMAN WEISENMILLER: All those in favor?
2 (Ayes.) Item 11 passes unanimously. Thanks,
3 Mike.

4 Let's go on to Item 12. Yokayo Biofuels,
5 Inc. This is a possible adoption of a Mitigated
6 Negative Declaration under the California
7 Environmental Quality Act and approval of grant
8 agreement ARV-11-030 for a grant of \$1,860,330. And
9 this is ARFVT funding. Jacob Orenberg?

10 MR. ORENBURG: Good morning, Chairman and
11 Commissioners. My name is Jacob Orenberg. And I am
12 the Project Manager for this proposed Yokayo Biofuels
13 Inc. grant.

14 Yokayo proposes to use Energy Commission
15 grant funds to expand and convert an existing
16 biodiesel production facility located in
17 unincorporated Mendocino County near Ukiah,
18 California.

19 The project will expand production of
20 biodiesel from approximately 1,400 gallons per day to
21 2,000 gallons per day, primarily using waste
22 restaurant grease as a feedstock. In addition, the
23 project will convert the facility to use a new
24 production process - switching from a chemical
25 catalyst to an enzymatic catalyst. The new production

1 process will reduce or eliminate energy inputs,
2 wastewater and hazardous waste while increasing
3 biodiesel yield per gallon of feedstock.

4 This agenda Item consists of 2 parts. The
5 first of which is the proposed adoption of a
6 mitigated, negative declaration for this project for
7 compliance with the California Environmental Quality
8 Act for the mitigated negative declaration. The
9 Energy Commission Citing Division prepared an initial
10 study for the project and determined that although the
11 proposed project could have a significant effect on
12 the environment these effects are mitigated by
13 measures included in the grant's special terms and
14 conditions.

15 The mitigated negative declaration was
16 posted for public review for 30 days and no comments
17 have been received. I believe there's also a
18 resolution to adopt this mitigated negative
19 declaration, which is available on the table by the
20 entrance to Hearing Room A.

21 The second part of this agenda Item seeks
22 the approval of a \$1,860,330 grant for Yokayo to
23 construct new facilities or rehabilitate existing
24 facilities, purchase and install equipment and begin
25 production with a new enzymatic process. Yokayo was

1 recommended for this grant in a March 23, 2012 notice
2 of proposed awards for the Biofuels Production
3 Facility Solicitations number PON-11-601 under the
4 alternative and renewable fuel and vehicle technology
5 program.

6 Staff requests the Energy Commission approve
7 agenda Item 12. Also, Kumar Plocher, the Chief
8 Executive Officer of Yokayo Biofuels, has prepared a
9 brief statement on the benefits of this project and is
10 available for any questions you may have.

11 MR. PLOCHER: My name is Kumar Plocher. I'm
12 the CEO of Yokayo Biofuels. And it has been a very
13 exciting project for us to work on this project to
14 expand and upgrade our facility.

15 We've been working on the plan for the last
16 several years and when the grant was announced in
17 January it was a chance for us to incorporate new
18 elements to it based on our work with a company called
19 Piedmont Biofuels in North Carolina that had developed
20 this enzymatic process.

21 Right now is a very interesting time in the
22 biodiesel industry. It's a very threatened industry
23 and one thing that I want to focus on in my statement
24 is the way that this will solidify our existence in
25 this industry and add a lot of jobs to what we are

1 doing at Yokayo Biofuels and at our production plant,
2 in specific.

3 There's a lot of subsidies right now from
4 the federal government that are in flux with this
5 industry and this is part of the plan to not only
6 lower our carbon footprint but also make sure that we
7 have staying power so that we can have those
8 additional jobs and maintain our business strategy on
9 into the future.

10 COMMISSIONER PETERMAN: Hi. Good morning.

11 MR. PLOCHER: Good morning.

12 COMMISSIONER PETERMAN: Thank you for being
13 here and for coming from quite a far away to share
14 your comments and thoughts with us.

15 Just wondering, how many people are employed
16 at this facility and will there be new hires because
17 of the expansion?

18 MR. PLOCHER: Currently, we have 17 and I
19 expect to have at least 8 new hires; probably several
20 more than that due to the expansion.

21 COMMISSIONER PETERMAN: Great. I'll just
22 offer a comment and fellow Commissioners may have some
23 questions as well.

24 MR. LEVY: Just one point of clarification,
25 Commissioners. The resolution is directed to both the

1 mitigated negative declaration and the grant
2 agreement. So your approval of the resolution is what
3 you're being ask for today. Thank you.

4 COMMISSIONER PETERMAN: I'll just add that
5 I'm supportive of this project. Biodiesel is a key
6 part of the state's meeting some of its alternative
7 fuel and climate change goals. And really serves the
8 market area goods movement, heavy duty trucks, which
9 we need to address and we have less solutions for, if
10 you will. And it's great to see this company using
11 this new process to both lower the cost to bring more
12 resources to the market as well as improve the
13 efficiency and environmental impact.

14 And it's also great to see these fuels being
15 manufactured in California. And I hope this is a
16 model that can be expanded.

17 MR. PLOCHER: Thank you.

18 CHAIRMAN WEISENMILLER: Any other questions
19 or comments?

20 COMMISSIONER MCALLISTER: Yeah. Let's see.
21 So I totally agree with that. I mean this is a hard
22 nut to crack and there's a lot of innovation going on
23 and I think that's exactly what the R&D elements or
24 what the Commission is trying to do with AB 118
25 funding.

1 I'll just make a note that I think you've
2 experienced and we take seriously CEQA. Because part
3 of that innovation really is making these decisions
4 with the best and most complete vetting possible.
5 And, you know, we all know that it's very difficult to
6 get through the whole process. But we're all better
7 for it when we do that due diligence. And it's a lot
8 of effort that ends up being worth it.

9 And when — you know, your facility and
10 together with the county and the Commission and all
11 the other stakeholders that you have to work with, I
12 think, you'll be on excellent footing going forward.
13 And we'll be able to even more, rightly, going to use
14 this as an experience that we can learn from in the
15 California context because it is a unique context. So
16 thanks for your perseverance. Thanks very much to
17 staff and in particular Jake has been working hard on
18 this project so I think congratulations and looking
19 forward to what you can do.

20 MR. PLOCHER: Thank you.

21 COMMISSIONER PETERMAN: I'll just add that
22 this declaration, particularly the impact analysis
23 really represents a good coordination and
24 collaboration amongst parties within the agency
25 because to do this type of work you have to both

1 understand what's happening in the alternative fuel
2 space as well as the environmental implications of
3 citing as well as some of the legal concerns. And so
4 thank you for staff for working together and I hope
5 that's a model that we can employ with future projects
6 as we move forward.

7 So if there are no other comments, sir -

8 MR. PLOCHER: I'd like to add one thing to
9 what Jacob said. And, first of all, thank you Jacob
10 for working with us for awhile on this, making sure
11 this can happen. It's been a real pleasure to work
12 with the Energy Commission.

13 The one thing that I would add is that Jacob
14 mentioned that the project uses recycled restaurant
15 fryer grease. That's the feedstock we've been using.
16 We're certainly going to continue to use it but we're
17 also developing a new waste feedstock as part of this
18 project, which is trap grease. And that's something
19 that the new process is specifically aimed toward
20 using. So that's an even lower value waste feedstock.

21 COMMISSIONER PETERMAN: I have to ask,
22 what's trap grease? I'm not familiar with that.

23 MR. PLOCHER: So there's 2 types of grease
24 that comes from a restaurant. There's the type that
25 comes from the deep fryers. That's what biodiesel

1 companies that use recycled restaurant fryer oil
2 typically use. That's what we've been using for
3 years.

4 And then there's the grease that's washed
5 down the drain. And over the last, I don't know how
6 many years there's been regulations to make sure that
7 every restaurant has grease traps in place, grease
8 interceptors, to capture that grease that goes down
9 the drain. That's a much harder to use grease. Most
10 existing processes cannot utilize it. The one that we
11 are bringing in can.

12 COMMISSIONER PETERMAN: That's terrific. I
13 also now feel that it's okay for me to eat fries
14 tonight, because I might be supporting the biodiesel
15 industry.

16 [LAUGHTER]

17 COMMISSIONER PETERMAN: Well, then
18 Commissioners — thank you for the explanation. That
19 was useful. I would then move Item 12.

20 COMMISSIONER MCALLISTER: I'll second.

21 CHAIRMAN WEISENMILLER: All those in favor?

22 (Ayes.) Item 12 passes unanimously. Thank
23 you.

24 Let's go on to Item 13. California
25 Department of Corrections and Rehabilitation.

1 Possible approval of an augmentation of \$225,483 to
2 an existing low interest Energy Conservation
3 Assistance Act loan (001-11-ECD) of \$2,056,229 to the
4 Department of Corrections and Rehabilitation. These
5 are ECAA fundings. And Shahid Chaudhry, please.

6 MR. CHAUDRY: Good morning, Chairman. Good
7 morning, Commissioners. I'm Shahid Chaudry with the
8 Special Projects Office. And I am here today to
9 request your approval to augment \$225,483 to an
10 ongoing loan to the California Department of
11 Corrections and Rehabilitation.

12 To give you a little background, the
13 California Department of Corrections and
14 Rehabilitation received a loan of \$2,056,229 from the
15 Energy Commission under ECAA to fund energy efficient
16 lighting at its Corcoran Drug and Rehabilitation
17 Center located in Kings County.

18 The project included replacing close to
19 15,000 inefficient lighting fixtures to reduce the
20 center's building demand by 700 kilowatt and annual
21 energy use by 3,600 megawatt hours per year.
22 Resulting in an annual cost savings of \$330,000.

23 During the process, CDCR identified
24 additional opportunities to replace 3,471 inefficient
25 lighting at an additional cost of \$225,483, the

1 revised total of 18,600 inefficient fixtures. The
2 replacement will reduce the facility's electricity
3 demand by a little over 800 kilowatt and annual use by
4 3,800 megawatt hours per year. This will result in
5 annual energy cost savings of \$350,000.

6 In addition, the project will reduce annual
7 greenhouse gas emissions by 1,300 tons of carbon
8 dioxide equivalent. To replace the revised number of
9 inefficient lighting the CDCR has requested to augment
10 \$225,483 to the existing loan. This will increase
11 CDCR's loan amount to \$2,281,712. The Energy
12 Commission loan is funded at an interest rate of 3
13 percent and with the added amount the payback period
14 is 6 ½ years.

15 Since the augmentation request to the
16 existing loan falls well within the program guidelines
17 the staff recommends your approval. I'm here to
18 answer any questions you may have.

19 CHAIRMAN WEISENMILLER: Thank you.

20 Commissioners, any questions or comments?

21 COMMISSIONER MCALLISTER: Just a quick
22 comment. This, pretty much in my view, is a no
23 brainer. These are great retrofits to be doing. It's
24 a great use of the ECAA program and it's an existing
25 project and the change basically reflects that the in

1 the field, going out and counting all the
2 installations in the jurisdiction or in the facilities
3 ended up with a different number than what was
4 originally applied for. So similar technologies
5 that's all very scoped out. So it's a pretty low risk
6 project. So I appreciate everybody getting their
7 ducks in a row to get the right number in front of us
8 on this. So, thank you. So I'll move Item 13.

9 COMMISSIONER PETERMAN: I'll second.

10 CHAIRMAN WEISENMILLER: All those in favor?

11 (Ayes.) This Item passed unanimously.

12 Thank you.

13 MR. CHAUDRY: Thank you, Commissioners.

14 CHAIRMAN WEISENMILLER: Let's go onto Item

15 14. Alternative and Renewable Fuel Vehicle Buy-Down

16 Incentives. Possible approval of a total of \$114,000

17 in vehicle buy-down incentives. Andre Freeman?

18 Excuse me, this is ARFVTP funding.

19 MR. FREEMAN: Good morning/afternoon,

20 Commissioners. My name is Andre Freeman. I'm a

21 member of the Fuels and Transportation Divisions''

22 Emerging Fuels and Technologies Office.

23 Today I'm seeking approval of the latest

24 batch of incentive reservations for 19 propane

25 vehicles, totaling \$114,000 that are funded through

1 the Alternative and Renewable Fuels and Vehicles
2 Technologies Program.

3 As you know, the Natural Gas and Propane
4 Vehicle Buy-Down Program is designed to promote the
5 purchase of clean, alternative fueled vehicles to
6 replace aging gasoline and diesel fleets. This
7 program provides incentives for consumers to adopt
8 these alternative technologies, which provide both
9 economic and environmental benefits to the State of
10 California.

11 Including the reservations pending your
12 approval today, the 2012 Buy-Down program will have
13 supported the purchase of 600 vehicles, including more
14 than 500 natural gas and 100 propane vehicles. At
15 last month's Business Meeting I mentioned that we were
16 looking for new ways to get some of the propane
17 funding out because it had a lot lower demand than the
18 natural gas funding did, which is now gone. Since
19 then we have met with several stakeholders and we
20 definitely have some new concepts that we're thinking
21 about applying to the program to help speed up the
22 allocations of those funds. So we'll be bringing that
23 to Commissioner Peterman most likely in the coming
24 months.

25 Thank you.

1 CHAIRMAN WEISENMILLER: Great.

2 Commissioners, any questions or comments?

3 COMMISSIONER PETERMAN: I'll just say.

4 Thank you, Mr. Freeman for continuing to work with the

5 industry and stakeholders and customers to see what we

6 need and how we need to revise our programs. We want

7 to make sure that these things work on the ground so

8 sounds like you and staff are being very responsive.

9 And I'll also add that, Mr. Freeman, you

10 always seem to be at the end of the Business Meeting

11 agenda. So you're very patient sitting through the

12 meeting so thank you for that. I don't know how you

13 always get that straw but -

14 MR. FREEMAN: I won't say that I sit through

15 the entire meeting but -

16 [LAUGHTER]

17 MR. FREEMAN: Less pressure. Less people in

18 the room.

19 [LAUGHTER]

20 COMMISSIONER PETERMAN: Well, that's all for

21 my comments. Anyone else?

22 Okay. Thank you. I will move Item 14.

23 COMMISSIONER MCALLISTER: I'll second.

24 CHAIRMAN WEISENMILLER: All those in favor?

25 (Ayes.) Item 14 passed unanimously.

1 MR. FREEMAN: Thank you.

2 CHAIRMAN WEISENMILLER: Thank you. Let's go

3 on to the Minutes. First let's do A, July 11, 2012.

4 COMMISSIONER PETERMAN: I'll move Item

5 15(a).

6 COMMISSIONER MCALLISTER: Second.

7 CHAIRMAN WEISENMILLER: All those in favor?

8 (Ayes.) Item 15(a) passes unanimously.

9 Let's go on to 15(b). Wait a minute –

10 check. Were you here for a – ? So we just did a

11 quick check. Item b will be held for a subsequent

12 meeting when Commissioner Douglas is here.

13 Let's go on to Item 16. Lead Commissioner

14 Presiding Member Reports. Commissioner Peterman?

15 COMMISSIONER PETERMAN: Yeah. Of course

16 always lots going on. I'll just mention that today we

17 have staff and parties meeting in Los Angeles for our

18 Southern California EPIC Workshops. We had

19 successfully 2 days of workshops here in Sacramento,

20 which the Commissioners were present. And I had the

21 opportunity to call into the LA one and progress is

22 moving along. We've got a good turnout there. And so

23 we're all looking forward to the feedback that we get.

24 I encourage the stakeholders over the 2 days to think

25 about research directions that will eventually funnel

1 through our renewable deployment program, the
2 research and the deployment should be going hand-in-
3 hand.

4 And, also, to think about projects that
5 really do bring ratepayer value. And we're very
6 thankful to the PUC for adopting the EPIC decision.
7 And we are working very hard on our role to implement
8 EPIC.

9 We also had a workshop since the last
10 Business Meeting on the transition to advanced
11 biofuels, specifically the transition from corn
12 ethanol facilities to advanced biofuels. We had a
13 very good turnout, lots of interesting representation
14 from the industry as well as other stakeholders. And
15 we're waiting for comments back. I think comments are
16 due by August 17 and we will consider the comments and
17 if there's anything further that the state should be
18 doing to further that transition. As you all are
19 probably aware we are already investing in advanced
20 biofuels and we had some successful solicitations.
21 And we do want to figure out how to connect what's
22 happening more at the pilot stage and the R&D stage to
23 larger scale and commercial deployment. And so stay
24 tuned to where we go on that issue.

25 CHAIRMAN WEISENMILLER: Thank you. We both

1 attended that workshop and I thought it was best if
2 the Lead Commissioner were to cover that. And we both
3 have been covering the EPIC workshop, although,
4 certainly Commissioner McAllister was at the — part of
5 the first one. And as we go forward I was just going
6 to mention, I think I've already hit the San Onofre
7 stuff enough for today and the Flex Alert for today,
8 and also the other event that I did last week was the
9 Climate Vulnerability and Adaptation Study release.
10 And we had a press event, including Secretary Laird,
11 and analytics. So the Governor's Office, resources
12 agency and certainly Cal FIRE out at Cal EMA got a lot
13 of press coverage. There's a video clip of the entire
14 press conference on the web. I guess a lot of
15 takeaways.

16 Obviously, I focus more on the energy part
17 and the basic message is our climate is already
18 changing. You know that if you look at the history
19 we're talking about something like a 1.7 degree rise
20 since 1885 'til now and we're projecting a much
21 greater increase in the future. And one of the
22 scarier sides is actually Cal FIRE if you're looking
23 at any of the fire storms we've had. History was
24 about 1 a decade. And since about 2000 there's been
25 about 1 a year. So this really scary stuff and

1 certainly has lots of implications for us but the
2 bottom line is our climate is already changing and
3 that, you know, if you look out in the future this was
4 the first study to try to really bring down from the
5 sort of global, statewide to much more local –
6 although, obviously, UCLA – Los Angeles has done a
7 very good study on sort of local impacts. This
8 highlighted Bay Area impacts but, again, a pretty good
9 summary of that.

10 I think, and part of the context for this,
11 will feed into OPR is putting out an adaptation tools
12 to local governments and resources and EPA are in the
13 process of updating the adaptation plan for the state.
14 And so we're certainly caught up in that and involved
15 in sort of the update for energy in terms of, again,
16 adaptation and, certainly the – a lot of the
17 infrastructure that were looking were there for 40, 50
18 years. And so it's important to understand whether
19 it's in a flood plain or in a fire hazard area, you
20 know. What we should be doing there.

21 And, I guess, one of the interesting things
22 too, which sort of connects one of the dots, is what
23 they're finding in terms of the Bay Delta is that not
24 only do we have ocean rise but you have subsidence.
25 So the extent that a lot of our infrastructure goes

1 through the Bay Delta could be threatened. And,
2 obviously, that involves PG&E storage systems, its
3 pipelines, electric systems, oil and pipelines.
4 There's a whole bunch of things, which have greater
5 vulnerability than I ever knew. It's sort of a wakeup
6 call and certainly would encourage people to look at
7 the there's a good summary report of – actually
8 there's probably 34 reports that actually underlie
9 this that are synthesized in that.

10 So basically, you know, certainly the
11 message is that it's there but, certainly, this
12 Administration's policies are based on science. And
13 certainly the state's taking – this Agency is taking a
14 key role in helping develop that scientific
15 foundation. So with that –

16 COMMISSIONER PETERMAN: Chair, I just want
17 to follow up with an additional comment. That you
18 mentioned the heightened fire risk and particularly
19 the reports from CAL FIRE and we've heard in our
20 workshops over this year how the under collection of
21 biomass in the forest is exasperating this issue. And
22 really looking for some real opportunities to both
23 reduce the biomass in those forests and utilize them
24 for good purposes for the state.

25 They can be beneficial for renewable energy,

1 meeting some local reliabilities as well as
2 providing, you know, renewable energy job
3 opportunities in some of the poorest regions of the
4 state. Not doing it provides a real risk for
5 transmission lines and we might be subject to that
6 risk from fires in others states as well. And so this
7 really does involve and will need input from a number
8 of different agencies and will continue to work on it
9 and report on it at the Commission. But we've been
10 having conversations with CAL FIRE and other parties
11 and I encourage all the agencies in the Administration
12 to look at this issue seriously. So I think there's
13 some real opportunities here.

14 CHAIRMAN WEISENMILLER: Oh yeah. Yeah.
15 Again – the whole thing is scary. But, I mean, in
16 terms of a wake-up call but the fire part and thinking
17 that California was important.

18 The researchers did find that 2 areas of
19 vulnerability on the transmission system are the
20 inter-tie from the northwest up near the top of the
21 state have real vulnerabilities and also some of the
22 lines going into the L.A. Basin. So as we deal with
23 the – once the cooling conundrums part of the message
24 is that we should not be – if anything we have to
25 reduce our reliance on transmission capacity going

1 into that basin as opposed to assuming, again,
2 instead of having localized generation there be it DG
3 or gas plants or whatever that, you know, that
4 anything we need to be looking at generation solutions
5 there. And less the transmission. Or if we do
6 transmission we have to make sure that we're citing
7 the corridor so again they're not in the fire hazard
8 areas. So.

9 COMMISSIONER MCALLISTER: So I would also
10 just say regarding the fire issue that throughout
11 Southern California obviously big, big, big deal.
12 Every 5-7 years it seems like there's a major fire
13 that is around newly urban areas. You know peri-urban
14 areas and the cost of those fires are just immense.
15 Not just on the electric system but over the years
16 that I've lived in Southern California I've noticed
17 people really just - I mean fire is just a daily -
18 it's a thing people are aware of.

19 Whenever those Santa Ana winds blow people
20 know that in the last 20 years it seems like things
21 have changed. And so I think that this is the slow
22 evolution that we're seeing and we just have to get it
23 in our heads that this is the new reality.

24 I think Scripps and some of the institutions
25 those jurisdictions, San Diego Foundation down in San

1 Diego, have done a good job on similar efforts to
2 look at vulnerability, adaptation and just general
3 impacts of climate change with a pretty sophisticated
4 geospatial models and climate models and forecasting
5 so, I think, similar efforts are happening throughout
6 the state. That's great that that's now becoming a
7 statewide effort.

8 CHAIRMAN WEISENMILLER: Certainly the land
9 use patterns are very important. I talked about
10 transmission but, obviously, there are very, very big
11 implications of people where they're putting their
12 houses in terms of that urban interface, you know,
13 forestry interface provides much, much, much greater
14 vulnerability for them in the future going forward.

15 So there are things, you know, we generally
16 around here focus on mitigation for climate change,
17 which is basically trying to reduce greenhouse gas
18 emissions. But, certainly, as we think about going
19 forward on all of our infrastructure plans it's
20 important that the adaptation come in and we think
21 about what we're doing in a way to make it less
22 vulnerable to climate change impacts.

23 COMMISSIONER MCALLISTER: I'll just mention
24 a couple of things. I don't have a lot of comments.
25 But I want to thank the other Commissioners, including

1 Commissioner Douglas who's not here today, for
2 backing me up on a conflict that I had at the last
3 Business Meeting. So I was not here, which is why we
4 couldn't approve the minutes.

5 But I was at the Pacific Coast Collaborative
6 Meeting, which was actually very productive. Very
7 interesting for me and, I think, very potentially
8 powerful collaboration with other jurisdictions up and
9 down the coast trying to harmonize efforts on a number
10 of fronts including efficiency standards and other
11 issues. And, clearly, interesting, smart people
12 working in other jurisdictions. It's not just
13 California teaching them. It's also learning what
14 they're doing in their own context. So that was a
15 very useful meeting and I was appreciative to be able
16 to go. Also, for the Governor's Office approving that
17 out of state travel.

18 And then another thing I went to last week
19 was down in Southern California. It was a military
20 event. It was a jobs - essentially a special
21 development jobs summit focused on veterans. And it
22 really brought home the challenges of all the
23 different societal, you know, disruptions that we have
24 going on right now.

25 And the energy field, I think, is a really

1 prime field for veterans coming back with highly
2 technical skills. They're lacking sort of certain
3 experiences in the professional environment. Obviously
4 they're coming back to an extremely different -- if
5 they were deployed overseas they were, in any case --
6 they're coming back from an extremely different
7 cultural settings. So challenges there with getting
8 reincorporating and so I was impressed with how the
9 military is really engaging strongly with that issue
10 and trying to help, trying to create resources and
11 deploy help for veterans coming back.

12 And given the amount of innovation, the
13 technologies, the venture capital community and the
14 start ups that are out there in energy, I think there
15 are certain veterans that's really a sweet area for
16 them to potentially be able to get into it at a lot of
17 levels. From a more, you know, field and
18 installation, more service oriented jobs all the way
19 up to the most highly technical jobs and program
20 development, project development, technology
21 development, deployment. I think there are a lot of
22 interesting opportunities there and a lot of
23 interesting challenges that we need this sort of "can
24 do, roll up your sleeves, get it done" mentality that
25 a lot of veterans bring.

1 So, in closing, very interesting. Big
2 challenge but, I think, there's a lot of potential
3 there so SDG&E and the Navy and other branches of the
4 military put this event together and I think it was
5 very good. So wanted to report back on that. Thanks.

6 CHAIRMAN WEISENMILLER: Chief Counsel's
7 Report?

8 MR. LEVY: Good afternoon, Commissioners. I
9 have no report for you today.

10 CHAIRMAN WEISENMILLER: Executive Director's
11 Report.

12 MR. OGELSBY: Nothing to add today as well.

13 CHAIRMAN WEISENMILLER: Public Adviser's
14 Report?

15 MS. JENNINGS: Thank you. I have nothing to
16 report.

17 CHAIRMAN WEISENMILLER: Thanks. If we could
18 just go back to the Executive Director for a second.
19 Sir, how many years of state service do you have now?

20 MR. OGELSBY: Coming on 25.

21 CHAIRMAN WEISENMILLER: Twenty-five?
22 Congratulations. I think all of us appreciate your
23 public service.

24 COMMISSIONER PETERMAN: Congratulations.

25 CHAIRMAN WEISENMILLER: And you can go for

1 Jim Boyd's record.

2 MR. OGELSBY: Not likely to make that one.

3 [LAUGHTER]

4 COMMISSIONER MCALLISTER: Same here.

5 Thanks.

6 CHAIRMAN WEISENMILLER: Public Comment?

7 Okay. Let me make sure I get -- okay. At this point
8 the Business Meeting will be adjourned until Tuesday,
9 August 14, 2012 at 9 a.m. pursuant to Government Code
10 Section 11128.5 at which time Items 21 and 22 will be
11 considered. We are now in recess. Thank you.

12 [RECESS TAKEN AT 12:05 P.M.]

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